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1 Michael L. Novicoff, Esq. (SBN: 120133)
mnovicoff@linerlaw.com

2 Daniel R. Gutenplan, Esq. (SBN: 260412)
dgutenplan@linerlaw.com

3 LINER GRODE STEIN YANKELEVITZ
SUNSHINE REGENSTREIF & TAYLOR LLP

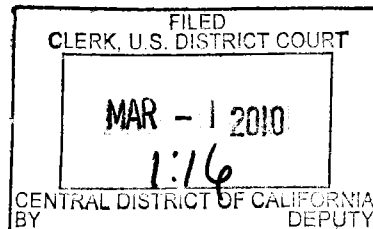
4 1100 Glendon Avenue, 14th Floor
Los Angeles, California 90024-3503

5 Telephone: (310) 500-3500

6 Facsimile: (310) 500-3501

7 Attorneys for Defendants

8 Aaron Kaufman, Rick Schwartz, Machete's Chop
Shop, Inc. and Overnight Productions, LLC



9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

11
12 224 ENTERTAINMENT, LLC, a
California Limited Liability Company,

13 Plaintiff,

14 vs.

15 AARON KAUFMAN, an individual;
16 RICK SCHWARTZ, an individual;
17 MACHETE'S CHOP SHOP, INC., a
Texas corporation; OVERNIGHT
18 PRODUCTIONS, LLC, a Delaware
limited liability company; and DOES 1
through 10, inclusive,

19 Defendants.
20

Case No. CV 10-01501-DSF(VBK)

**NOTICE OF REMOVAL OF
ACTION**

21
22 **PLEASE TAKE NOTICE** that defendants Aaron Kaufman, Rick Schwartz,
23 Machete's Chop Shop, Inc. and Overnight Productions, LLC, contemporaneously
24 with the filing of this Notice, are effecting the removal of the action described below
25 from the Superior Court of the State of California for the County of Los Angeles to
26 the United States District Court for the Central District of California, pursuant to 28
27 U.S.C. §§ 1332 and 1441(b).
28

1 **I. PLEADINGS AND PROCESS**

2 1. On or about January 29, 2010, Plaintiff 224 Entertainment, LLC
3 commenced an action in the Superior Court of the State of California for the County
4 of Los Angeles, entitled *224 Entertainment, LLC, Plaintiff, v. Aaron Kaufman, Rick*
5 *Schwartz, Machete's Chop Shop, Inc., Overnight Productions, LLC and DOES 1*
6 *through 10, inclusive, Defendants*, Case No. BC 430894 (the "Action"). Attached
7 hereto as Exhibit "A" are true and correct copies of the Summons, Complaint and
8 State Civil Case Cover Sheet in this Action (collectively, the "Complaint").
9 Attached hereto as Exhibit "B" is a true and correct copy of the Notice of Case
10 Management Conference in this Action. Finally, attached hereto as Exhibit "C" is a
11 true and correct copy of the Notice of Errata filed by Plaintiff 224 Entertainment,
12 LLC in this Action on or about February 10, 2010.

13 2. Exhibits "A" through "C" constitute all the process, pleadings, notices
14 and orders delivered to any party in the Superior Court action and are hereby
15 incorporated by reference.

16 3. Defendant Overnight Productions, LLC was first served with a copy of
17 the Complaint on February 3, 2010. Defendant Machete's Chop Shop, Inc. was first
18 served with a copy of the Complaint on February 10, 2010. The remaining
19 defendants, Aaron Kaufman and Rick Schwartz, have yet to be served with a copy of
20 the Complaint.

21 **II. DIVERSITY JURISDICTION**

22 4. This Action is a civil action of which this Court has original jurisdiction
23 under 28 U.S.C. § 1332, and is one which may be removed to this Court by
24 defendants pursuant to the provisions of 28 U.S.C. § 1441(b) because there was at
25 the time of the filing of this Action, and there is now, complete diversity of
26 citizenship between the plaintiff and defendants in this Action and the amount in
27 controversy exceeds the sum or value of \$75,000, exclusive of interest and costs.
28

1 **A. Citizenship of Plaintiff**

2 5. Plaintiff 224 Entertainment, LLC was, at the time of the filing of this
3 Action, and is now, a limited liability company existing under the laws of the State of
4 California, with its principal place of business located in Los Angeles, California.
5 Plaintiff 224 Entertainment, LLC has two members, Jack Gilardi, Jr. and Darby
6 Parker. Both Jack Gilardi, Jr. and Darby Parker were at the time of the filing of this
7 Action, and are now citizens, of the State of California.

8 **B. Citizenship of Defendants**

9 6. Defendant Aaron Kaufman was at the time of the filing of this Action,
10 and is now, a citizen of the State of New York.

11 7. Defendant Rick Schwartz was at the time of the filing of this Action,
12 and is now, a citizen of the State of New York.

13 8. Defendant Machete's Chop Shop, Inc. was at the time of the filing of
14 this Action, and is now, a corporation incorporated under the laws of the State of
15 Texas, with its principal place of business in the State of New York.

16 9. Defendant Overnight Productions, LLC was at the time of the filing of
17 this Action, and is now, a limited liability company existing under the laws of the
18 State of Delaware, with its principal place of business in the State of New York.
19 Defendant Overnight Productions, LLC has four members: Rick Schwartz, Jeremy
20 Frommer, Peter Majar and Alan Bernon. Rick Schwartz and Jeremy Frommer were
21 at the time of the filing of this Action, and are now, citizens of the State of New
22 Jersey. Peter Majar was at the time of the filing of this Action, and is now, a citizen
23 of the State of New York. Alan Bernon was at the time of the filing of this Action,
24 and is now, a citizen of the State of Texas.

25 10. Accordingly, there was at the time of the filing of this Action, and there
26 is now, complete diversity of citizenship between the parties to this Action.

1 **C. Fictitious Does**

2 11. Pursuant to 28 U.S.C. § 1441(a), the citizenship of defendants named by
3 Plaintiff 224 Entertainment, LLC under the fictitious designation “DOES 1 through
4 10” is properly disregarded for the purpose of removal.

5 **D. Amount in Controversy**

6 12. The amount in controversy exceeds the jurisdictional minimum of
7 \$75,000, exclusive of interest and costs. Among other claims in the Complaint,
8 Plaintiff 224 Entertainment, LLC seeks recovery for an alleged breach of contract in
9 an amount “in excess of One Million Dollars (\$1,000,000).” Complaint, ¶¶ 35.

10 **III. TIMELINESS OF REMOVAL**

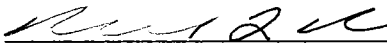
11 13. Defendant Overnight Productions, LLC first received a copy of the
12 Complaint in this Action on February 3, 2010, and this Notice of Removal is timely
13 filed with this Court within 30 days of that date.

14 14. So far as defendants are aware, no further proceedings have occurred in
15 this Action.

16 15. For all the foregoing reasons, this Court has original jurisdiction under
17 28 U.S.C. §§ 1332 and 1441(b).

18
19 Dated: March 1, 2010

LINER GRODE STEIN YANKELEVITZ
SUNSHINE REGENSTREIF & TAYLOR LLP

20
21 By: 
22 Michael L. Novicoff
23 Attorneys for Defendants
24
25
26
27
28

SUMMONS (CITACION JUDICIAL)

SUM-100

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)**FILED**

Los Angeles Superior Court

JAN 29 2010

NOTICE TO DEFENDANT: AARON KAUFMAN, an individual;
(AVISO AL DEMANDADO): RICK SCHWARTZ, an individual;
MACHETE'S CHOP SHOP, INC., a Texas corporation;
OVERNIGHT PRODUCTIONS, LLC, a Delaware limited
liability company; and DOES 1 through 10, inclusive

YOU ARE BEING SUED BY PLAINTIFF: 224 ENTERTAINMENT, LLC
(LO ESTÁ DEMANDANDO EL DEMANDANTE): a California
Limited Liability Company

John A. Clarke, Executive Officer/Clerk
By SHAUNYA WESLEY Deputy

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. NOTE: The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:
(El nombre y dirección de la corte es):

SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES
111 N. Hill Street
Los Angeles, California 90012

CASE NUMBER:
(Número del Caso):

BC430894

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

MARTIN D. SINGER, ESQ. (SBN 78166) TEL:310-556-3501 FAX:310-556-3615
LAVELY & SINGER PROFESSIONAL CORPORATION
2049 Century Park East, Suite 200
Los Angeles, California 90067

DATE:

(Fecha)

JAN 29 2010

Clerk, by

JOHN A. CLARKE, Clerk

Deputy

(Adjunto)

S. WESLEY

(For proof of service of this summons, use Proof of Service of Summons, (POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

NOTICE TO THE PERSON SERVED: You are served.

- ☐ as an individual defendant.
- ☐ as the person sued under the fictitious name of (specify):

- ☐ on behalf of (specify):

- under:
- | | |
|--|---|
| <input type="checkbox"/> CCP 416.10 (corporation) | <input type="checkbox"/> CCP 416.60 (minor) |
| <input type="checkbox"/> CCP 416.20 (defunct corporation) | <input type="checkbox"/> CCP 416.70 (conservatee) |
| <input type="checkbox"/> CCP 416.40 (association or partnership) | <input type="checkbox"/> CCP 416.90 (authorized person) |
| <input type="checkbox"/> other (specify): | |

- ☐ by personal delivery on (date):

Page 1 of 1



Form Adopted by the Judicial Council of California
SUM-100 (Rev. July 1, 2009)

SUMMONS

Legal
Solutions
& Plus

Code of Civil Procedure §§ 412.20, 465

Exhibit A Pg. 5

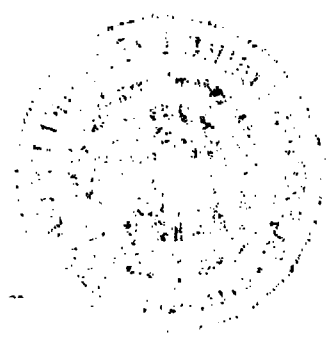
ORIGINAL

10/10/09

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10/10/09



FILED
Los Angeles Superior Court

JAN 29 2010

John A. Clarke, Executive Officer/Clerk
By SHAUNYA WESLEY, Deputy

MARTIN D. SINGER, ESQ. (Bar No. 78166)
TODD S. EAGAN, ESQ. (Bar No. 207426)
LAVELY & SINGER
PROFESSIONAL CORPORATION
2049 Century Park East, Suite 2400
Los Angeles, California 90067-2906
Telephone: (310) 556-3501
Facsimile: (310) 556-3615
Email: mdsinger@lavelysinger.com
teagan@lavelysinger.com

Attorneys for Plaintiff
224 Entertainment, LLC

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES - CENTRAL DISTRICT

224 ENTERTAINMENT, LLC, a
California Limited Liability Company,

Plaintiff,

v.

AARON KAUFMAN, an individual;
RICK SCHWARTZ, an individual;
MACHETE'S CHOP SHOP, INC., a
Texas corporation; OVERNIGHT
PRODUCTIONS, LLC, a Delaware
limited liability company; and DOES 1
through 10, inclusive,

Defendants.

CASE NO. **BC430894**

COMPLAINT FOR:

- (1) BREACH OF CONTRACT;
- (2) BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING;
- (3) FRAUD [Intentional Misrepresentation];
- (4) FRAUD [Negligent Misrepresentation]

[DEMAND FOR JURY TRIAL]

Plaintiff 224 ENTERTAINMENT, LLC ("224 Entertainment" and/or "Plaintiff") alleges
as follows:

SUMMARY OF ACTION

1. *Machete* is a new motion picture starring Robert DeNiro, Steven Seagal, Michael Rodriguez and Jessica Alba based on the *faux* movie trailer from the 2007 hit *Grindhouse*. It is directed by Robert Rodriguez and produced by Machete's Chop Shop, Inc. ("Machete's Chop Shop") and Overnight Productions, LLC ("Overnight Productions"). Aaron Kaufman

CIT/CASE: BC430894 LEA/DECH
RECEIPT #: 0246598017
DATE PAID: 02/11/10 08:03
PAYMENT: \$355.00
RECEIVED:
CHECK: 355.00
CASH:
CHANGE:
CARD:

ORIGINAL

D49 Conrad Aragon

1 ("Kaufman") and Rick Schwartz ("Schwartz") are the principals of Machete's Chop Shop and
2 Overnight Productions.

3 2. 224 Entertainment acts as an intermediary arranging surety services for motion
4 picture projects. It manages a surety program known as the IBCS Asset-Backed Film Finance
5 Surety Program. Jack Gilardi, Jr. ("Gilardi") and Darby Parker ("Parker") are the principals of
6 224 Entertainment.

7 3. Beginning in March 2009, 224 Entertainment was sought out by Kaufman,
8 Schwartz, Machete's Chop Shop and Overnight Productions, who requested that 224
9 Entertainment arrange surety services and bridge financing for *Machete*. 224 Entertainment
10 agreed to do so and was promised fixed and contingent compensation and film credits in return.

11 4. Despite having successfully provided surety services and bridge financing for
12 *Machete*, Kaufman, Schwartz, Machete's Chop Shop and Overnight Productions refuse to pay 224
13 Entertainment the promised compensation and to provide the film credits.

14

15 **THE PARTIES**

16 5. 224 Entertainment is a California Limited Liability Company, with its principal
17 place of business located in the County of Los Angeles, State of California.

18 6. Plaintiff is informed and believes, and based thereon alleges, that Defendant
19 Kaufman is, and at all times relevant hereto was, an individual residing in the County of New
20 York, State of New York, doing business in the County of Los Angeles, State of California.

21 7. Plaintiff is informed and believes, and based thereon alleges, that Defendant
22 Schwartz is, and at all times relevant hereto was, an individual residing in the County of New
23 York, State of New York, doing business in the County of Los Angeles, State of California.

24 8. Plaintiff is informed and believes, and based thereon alleges, that Defendant
25 Machete's Chop Shop, Inc. is, and at all times relevant hereto was, a Texas corporation, doing
26 business in the County of Los Angeles, State of California.

27 ///

28 ///

1 9. Plaintiff is informed and believes, and based thereon alleges, that Defendant
2 Overnight Productions, LLC is, and at all times relevant hereto was, a Delaware limited liability
3 company, doing business in the County of Los Angeles, State of California.

4 10. Plaintiff is presently unaware of the true names and capacities of Defendants sued
5 herein as Does 1 through 10, inclusive, and therefore sues said Defendants by such fictitious
6 names. Plaintiff will amend this Complaint to allege the true names and capacities of such
7 fictitiously named Defendants when the same have been ascertained. Plaintiff is informed and
8 believes and based thereon alleges that each of the fictitiously named Defendants is responsible
9 in some manner for the occurrences, acts and omissions alleged herein and that Plaintiff's damages
10 were proximately caused by their conduct. Hereinafter all Defendants including Doe Defendants
11 will sometimes be referred to collectively as "Defendants."

12 11. Plaintiff is informed and believes, and based thereon alleges that at all material times
13 Kaufman, Schwartz, Machete's Chop Shop, Overnight Productions and Does 1 - 10, and each of
14 them, were the agents, employees, partners, joint venturers, co-conspirators, owners, principals, and
15 employers of the other, and each of them are, and at all times herein mentioned were, acting within
16 the course and scope of that agency, employment, partnership, conspiracy, ownership or joint
17 venture. Plaintiff is informed and believes, and based thereon alleges, that the acts and conduct
18 alleged herein were known to, and authorized or ratified by, the officers, directors, and managing
19 agents of each of the Defendants.

20 12. Plaintiff is informed and believes and based thereon alleges that at all times relevant
21 to this action there existed a unity of interest and ownership among Kaufman, Schwartz, Machete's
22 Chop Shop, Overnight Productions, and Does 1 - 10, such that the individuality and separateness
23 between them ceased, and that if the acts as alleged herein are treated solely as those of Machete's
24 Chop Shop and Overnight Productions alone, an inequitable result will follow because Machete's
25 Chop Shop and Overnight Productions are the alter ego of Kaufman, Schwartz and Does 1 - 10, and
26 Kaufman, Schwartz and Does 1 - 10 are legally responsible for the debts and obligations of
27 Machete's Chop Shop and Overnight Productions, in that, among other things: (a) Kaufman,
28 Schwartz and Does 1 - 10 own and control Machete's Chop Shop and Overnight Productions, and

1 Kaufman, Schwartz and Does 1 - 10 at all times relevant hereto directly controlled, dominated, used,
 2 managed and operated Machete's Chop Shop and Overnight Productions, and Machete's Chop Shop
 3 and Overnight Productions function and operate as a business conduit and alter ego of Kaufman,
 4 Schwartz and Does 1 - 10; (b) there was a failure to comply with or observe the formalities of
 5 corporate formation and/or operation of Machete's Chop Shop and Overnight Productions; (c) there
 6 was a commingling of assets and obligations among Machete's Chop Shop, Overnight Productions,
 7 Kaufman, Schwartz and Does 1 - 10; (d) Machete's Chop Shop and Overnight Productions are, and
 8 at all times relevant hereto have been, mere shells and shams without sufficient capital assets to meet
 9 their debts, obligations and liabilities; and (e) the individuality of Machete's Chop Shop, Overnight
 10 Productions, Kaufman, Schwartz and Does 1 - 10 was and is a total sham and fiction.

11

12

FACTS COMMON TO ALL CLAIMS FOR RELIEF

13

13 13. 224 Entertainment acts as an intermediary arranging surety services for motion
 14 picture projects. It manages a surety program known as the IBCS Asset-Backed Film Finance
 15 Surety Program.

16

16 14. On or around March 1, 2009, Kaufman, individually and on behalf of Schwartz,
 17 Machete's Chop Shop and Overnight Productions, met with 224 Entertainment's principal, Parker,
 18 in New York. At the meeting, Kaufman requested that 224 Entertainment arrange a surety bond
 19 and obtain bridge financing for *Machete*. Kaufman and Parker also negotiated the general terms
 20 on which 224 Entertainment would be compensated for its services. Shortly afterward, in Los
 21 Angeles, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight
 22 Productions, met with 224 Entertainment's principal, Gilardi, to further negotiate the general
 23 terms on which 224 Entertainment would be compensated for its services.

24

24 15. On or around March 22, 2009, Kaufman, individually and on behalf of Schwartz,
 25 Machete's Chop Shop and Overnight Productions, contacted 224 Entertainment in Los Angeles
 26 and identified the financier for *Machete*, Anthony Gudas of Tax Credit Finance ("Gudas").
 27 According to Kaufman, Gudas was prepared to fund *Machete*.

28

///

1 16. On or around May 9, 2009, 224 Entertainment arranged a meeting in Washington,
 2 D.C. for the purpose of providing additional details about the IBCS Asset-Backed Film Finance
 3 Surety Program. Kaufman and Gudas were in attendance, as were the owner of The IBCS Group,
 4 Inc., Edmund Scarborough, and its legal counsel, David Buoncristiani. At the conclusion of the
 5 meeting, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight
 6 Productions, reconfirmed that they wished to proceed and utilize the surety services of 224
 7 Entertainment and the IBCS Asset-Backed Film Finance Surety Program.

8 17. Following the May 9, 2009 meeting, on July 29, 2009, 224 Entertainment and
 9 Machete's Chop Shop entered into a written agreement dated as of May 26, 2009 and thereafter
 10 modified on August 4, 2009 (the "Agreement"). A true and correct copy of the Agreement is
 11 attached hereto as Exhibit "A" and incorporated herein by this reference.

12 18. Under the Agreement, 224 Entertainment agreed to provide surety services and bridge
 13 financing for the production of *Machete*, and to provide the executive producing services of Gilardi
 14 and Parker in connection therewith. The Agreement provided that 224 Entertainment was entitled
 15 to payment for its services upon satisfaction of the following conditions precedent:

- 16 • Delivery of the Agreement and Inducement Letter;
- 17 • Full compliance by Gilardi and Parker with IRCA requirements;
- 18 • Issuance of a completion bond for *Machete*, with an irrevocable commitment
- 19 from the financiers of *Machete* to provide funds sufficient to meet the strike
- 20 price; and
- 21 • \$150,000 in bridge financing obtained by 224 Entertainment via a third party
- 22 investor.

23 19. In return for services provided by 224 Entertainment, Kaufman, individually and
 24 on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, promised to pay 224
 25 Entertainment the following:

26 ///
 27 ///
 28 ///

- 1 • \$502,025 as fixed compensation on a pay-or-play basis;
- 2 • An additional 15% of the net proceeds from *Machete* as contingent
- 3 compensation; and
- 4 • 3% of all bridge financing obtained by 224 Entertainment.

5 Also promised were individual executive producer credits for Gilardi and Parker; company credit
6 for 224 Entertainment; reimbursement for travel, lodging and of out-of-pocket costs; and
7 establishment of a collection account management agreement (the "CAM") prior to the completion
8 of principal photography of *Machete* to account to 224 Entertainment directly for its contingent
9 compensation.

10 20. Under the terms of the Agreement, payment to 224 Entertainment was due on a pay-
11 or-play basis. Based on the Agreement and the concurrent representations of Kaufman on behalf
12 of Schwartz, Machete's Chop Shop and Overnight Productions, whether or not Machete's Chop
13 Shop ultimately proceeded with the IBCS Asset-Backed Film Finance Surety Program was not a
14 condition precedent to payment of the money promised to 224 Entertainment.

15 21. In or around late July 2009 in Los Angeles and New York, Kaufman, individually
16 and on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, represented to
17 Gilardi and Parker that Gudas had backed out of his agreement to fund *Machete*. At that time,
18 Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight
19 Productions, further represented and confirmed to Gilardi and Parker that the Agreement would
20 be honored regardless of whether Gudas financed *Machete* and used the IBCS surety bond
21 arranged by 224 Entertainment.

22 22. Also at that time, Kaufman, individually and on behalf of Schwartz, Machete's
23 Chop Shop and Overnight Productions, represented to Gilardi and Parker that their services were
24 needed to raise bridge financing immediately to support production of *Machete* until a new
25 financier was identified. Relying on Kaufman's representations that the Agreement remained in
26 full force and effect, 224 Entertainment, with the approval of Kaufman, enlisted business
27 associates and reached out to multiple sources, and obtained a bridge loan from Peter and Jerry
28 Fruchtmann in the amount of \$495,000. Kaufman, individually and on behalf of Schwartz,

1 Machete's Chop Shop and Overnight Productions, confirmed in writing that 224 Entertainment's
2 act of securing the \$495,000 bridge loan satisfied the \$150,000 bridge financing condition
3 precedent set forth in the Agreement.

4 23. Also at that time, Kaufman, individually and on behalf of Schwartz, Machete's
5 Chop Shop and Overnight Productions, requested that 224 Entertainment secure an additional
6 \$2,000,000 bridge loan from Perpetual Media Advisors, LLP ("Perpetual Media"). 224
7 Entertainment promptly facilitated a \$2,000,000 bridge loan from Perpetual Media. Pursuant to
8 the loan terms demanded by Perpetual Media, the bridge loan was conditioned on the IBCS surety
9 bond being placed in escrow for production of *Machete*. The \$2,000,000 bridge loan would not
10 have closed without the IBCS surety bond.

11 24. During the time 224 Entertainment was in the process of obtaining the Perpetual
12 Media bridge loan, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and
13 Overnight Productions, again represented and confirmed to Gilardi and Parker that the Agreement
14 would be honored regardless of whether Defendants used the IBCS surety bond arranged by 224
15 Entertainment in connection with the production of *Machete*. On information and belief,
16 Defendants made this representation as part of a scheme to close the bridge loan from Perpetual
17 Media. On further information and belief, however, at the time Defendants made these
18 representations, Defendants in fact had no intention of paying 224 Entertainment its compensation
19 under the Agreement once the bridge loan closed.

20 25. Principal photography of *Machete* commenced on August 9, 2009 and was
21 completed in late September 2009. During the period of principal photography, Defendants
22 abruptly ceased communicating with Gilardi and Parker. Defendants further failed and refused
23 to schedule and arrange Gilardi and Parker's location travel.

24 26. On information and belief, in or around November 2009, a completion bond for
25 *Machete* was issued with an irrevocable commitment from the financier of *Machete* to provide funds
26 sufficient to meet the strike price. As a result, all conditions precedent under the Agreement have
27 been met, including delivery of the Agreement and Inducement Letter; full compliance by Gilardi
28 and Parker with IRCA requirements; issuance of a completion bond for *Machete*, with an irrevocable

1 commitment from the financiers of *Machete* to provide funds sufficient to meet the strike price; and
 2 the arrangement of at least \$150,000 in bridge financing.

3 27. Despite this, Defendants continue to refuse to compensate 224 Entertainment for
 4 its services, including payment of fixed compensation, issuance of co-executive producer credits
 5 to Gilardi and Parker, company credit for 224 Entertainment, reimbursement for travel expenses,
 6 and establishment of the CAM agreement for the collection of monies due to 224 Entertainment
 7 as contingent compensation.

8 28. As a result of Defendants' conduct, 224 Entertainment has been substantially
 9 harmed.

11 FIRST CAUSE OF ACTION

12 (Breach of Contract Against Machete's Chop Shop)

13 29. Plaintiff repeats, realleges, adopts and incorporates each and every allegation
 14 contained in Paragraphs 1 through 28, inclusive, as though fully set forth herein.

15 30. As alleged hereinabove, 224 Entertainment and Machete's Chop Shop, Inc. entered
 16 into the written Agreement in 2009. See Exhibit "A," which is incorporated herein by reference.

17 31. As set forth in the Agreement, 224 Entertainment agreed to provide surety services
 18 and bridge funding for the production of *Machete*, and to provide the executive producing services
 19 of Gilardi and Parker in connection therewith. The Agreement further provided that 224
 20 Entertainment was entitled to payment for its services upon satisfaction of the following conditions
 21 precedent: delivery of the Agreement and Inducement Letter; full compliance by Gilardi and Parker
 22 with IRCA requirements; issuance of a completion bond for *Machete*, with an irrevocable
 23 commitment from the financiers of *Machete* to provide funds sufficient to meet the strike price; and
 24 \$150,000 in bridge financing obtained by 224 Entertainment via a third party bridge financier.

25 32. As set forth in the Agreement, Machete's Chop Shop promised to pay 224
 26 Entertainment \$502,025 as fixed compensation on a pay-or-play basis; an additional 15% of the
 27 company's net proceeds as contingent compensation; and 3% of all bridge financing obtained by 224
 28 Entertainment. Also promised were individual executive producer credits for Gilardi and Parker;

1 company credit; reimbursement for travel, lodging and out-of-pocket costs; and establishment of the
2 CAM agreement to account to 224 Entertainment directly for its contingent compensation.

3 33. Machete's Chop Shop has materially breached its duties and obligations under the
4 Agreement by failing and refusing to pay 224 Entertainment its fixed compensation, provide film
5 credits for Gilardi, Parker and 224 Entertainment, reimburse 224 Entertainment for travel and
6 other out-of-pocket expenses and establish a CAM agreement to account to 224 Entertainment.

7 34. 224 Entertainment has performed all conditions, covenants and promises required
8 pursuant to the terms of the Agreement, except to the extent such performance was waived,
9 excused or prevented by reason of the acts and omissions of Machete's Chop Shop.

10 35. As a direct and proximate result of the failure of Machete's Chop Shop to deal fairly
11 and in good faith, 224 Entertainment has suffered and continues to suffer damages in an amount to
12 be proven at trial, but believed to be in excess of One Million Dollars (\$1,000,000). 224
13 Entertainment will seek leave to amend this Complaint to allege the precise amount when same is
14 ascertained.

15 SECOND CAUSE OF ACTION

16 (For Breach of the Implied Covenant of Good Faith and 17 Fair Dealing Against Machete's Chop Shop)

18 36. Plaintiff repeats, realleges, adopts and incorporates each and every allegation
19 contained in Paragraphs 1 through 28, inclusive, as though fully set forth herein.

20 37. 224 Entertainment fully performed all obligations, covenants and conditions to be
21 performed by it under the terms of the Agreement, except to the extent that such performance has
22 been excused or rendered impossible by the wrongful acts of and/or omissions of Machete's Chop
23 Shop.
24

25 38. On information and belief, Machete's Chop Shop failed to deal fairly and in good
26 faith with 224 Entertainment by interfering with 224 Entertainment's right under the Agreement to
27 payment of fixed compensation due on a pay-or-play basis, by falsely claiming that there was no
28 deal between the parties for 224 Entertainment's services, nor any pay-or-play provision in the

1 Agreement, and failing and refusing to communicate with Gilardi and Parker regarding the
 2 Agreement after 224 Entertainment performed its obligations thereunder. On further information
 3 and belief, Machete's Chop Shop failed to deal fairly and in good faith with 224 Entertainment by
 4 exploiting 224 Entertainment and its arrangement of the IBCS surety bond for the sole purpose of
 5 closing the \$2,000,000 bridge loan with Perpetual Media which was conditioned on the IBCS surety
 6 bond being placed in escrow. On further information and belief, once Machete's Chop Shop had
 7 obtained the \$2,000,000 bridge loan, Machete's Chop Shop then proceeded to independently fund
 8 *Machete* through Overnight Productions, rather than through a third party financier, electing not to
 9 use the IBCS surety and on that basis claiming that Machete's Chop Shop was not obligated to pay
 10 any fees to 224 Entertainment for its services arranging the IBCS surety. In so doing, Defendants
 11 failed to fulfill necessary acts that the Agreement naturally presupposed Defendants would do to
 12 accomplish its purpose.

13 39. As a direct and proximate result of the failure of Machete's Chop Shop to deal fairly
 14 and in good faith, 224 Entertainment has suffered and continues to suffer damages in an amount to
 15 be proven at trial, but believed to be in excess of One Million Dollars (\$1,000,000). 224
 16 Entertainment will seek leave to amend this Complaint to allege the precise amount when same is
 17 ascertained.

18 19 THIRD CAUSE OF ACTION

20 (For Fraud [Intentional Misrepresentation] Against All Defendants)

21 40. Plaintiff repeats, realleges, adopts and incorporates each and every allegation
 22 contained in Paragraphs 1 through 28, inclusive, as though fully set forth herein.

23 41. Beginning on or around March 1, 2009 and continuously thereafter up to and
 24 including August 4, 2009 when the Agreement was confirmed in writing, in Los Angeles and New
 25 York, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight
 26 Productions, made numerous representations to Gilardi and Parker, both verbally and in writing, via
 27 email and telephone calls. This included representations that if 224 Entertainment arranged a surety
 28 and bridge funding for *Machete*, then 224 Entertainment would receive the following: \$502,025 as

1 fixed compensation on a pay-or-play basis; an additional 15% of net proceeds from *Machete* as
 2 contingent compensation; 3% of all bridge financing obtained by 224 Entertainment; individual
 3 executive producer credits a and company credit; reimbursement for travel, lodging and of out-of-
 4 pocket costs; and a CAM agreement for the collection of contingent compensation. Kaufman,
 5 individually and on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, further
 6 represented that whether or not Machete's Chop Shop ultimately proceeded with the IBCS Asset-
 7 Backed Film Finance Surety Program was not a condition precedent to payment of the money
 8 promised to 224 Entertainment, and that 224 Entertainment was not responsible for delivering the
 9 funding that was to be the subject of the surety.

10 42. Subsequently, in or around late July 2009 after Gudas had backed out of the
 11 agreement to fund *Machete*, Kaufman, individually and on behalf of Schwartz, Machete's Chop
 12 Shop and Overnight Productions, represented to Gilardi and Parker, both verbally and in writing,
 13 via email and telephone calls, in Los Angeles and New York, that the Agreement would be honored
 14 regardless of whether Gudas financed *Machete* and used the IBCS surety arranged by 224
 15 Entertainment.

16 43. Each of these representations were false, and the Defendants made the representations
 17 knowing they were untrue, or recklessly without knowing whether they were true or false.

18 44. Also in or around late July 2009, Kaufman, individually and on behalf of Schwartz,
 19 Machete's Chop Shop and Overnight Productions, requested that Gilardi and Parker immediately
 20 raise bridge financing to support production of *Machete* until a new financier was identified. In
 21 making the request for bridge financing, Kaufman, individually and on behalf of Schwartz,
 22 Machete's Chop Shop and Overnight Productions, represented to Gilardi and Parker, both verbally
 23 and in writing, via email and telephone calls, in Los Angeles and New York, that the Agreement
 24 would be honored regardless of whether Gudas financed *Machete* and used the IBCS surety
 25 arranged by 224 Entertainment. On information and belief, Kaufman, individually and on behalf
 26 of Schwartz, Machete's Chop Shop and Overnight Productions, made these representations as part
 27 of a scheme to facilitate a \$2,000,000 bridge loan from Perpetual Media and arranged by 224
 28 Entertainment, which was conditioned on the IBCS surety bond being placed in escrow. However,

1 at the time Defendants made these representations, Defendants in fact had no intention of paying
 2 224 Entertainment its compensation under the Agreement once the bridge financing was
 3 confirmed.

4 45. Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and
 5 Overnight Productions, made the representations to Gilardi and Parker with an intent to defraud 224
 6 Entertainment, and for the purpose of inducing 224 Entertainment to rely upon them and on that
 7 basis enter into the Agreement and perform the work of obtaining a surety and bridge financing for
 8 *Machete*, and to devote considerable time and effort to obtaining a surety and bridge financing for
 9 *Machete*.

10 46. Gilardi and Parker were unaware of the falsity of the above-described representations
 11 and, given the professional reputation of Defendants as experienced film-makers and their assurances
 12 to Gilardi and Parker that they would compensate 224 Entertainment for its services, Gilardi and
 13 Parker, on behalf of 224 Entertainment, with justification acted in reliance upon the truth of the
 14 representations by entering into the Agreement, performing the work of obtaining a surety and bridge
 15 financing for *Machete*, and in refraining from pursuing or accepting alternative projects.

16 47. As a direct and proximate result of his reliance upon the truth of the representations,
 17 224 Entertainment has suffered and continues to suffer damages in an amount to be proven at trial,
 18 but is believed to be in excess of One Million Dollars (\$1,000,000). 224 Entertainment will seek
 19 leave to amend this Complaint to allege the precise amount when same is ascertained.

20 48. The aforementioned acts of Defendants, and each of them, were done intentionally
 21 or with a conscious disregard of the rights of 224 Entertainment, and with the intent to vex, injure,
 22 or annoy 224 Entertainment such as to constitute oppression, fraud, or malice, and that such conduct
 23 was authorized, ratified, and adopted by the officers, directors, and/or managing agents of
 24 Defendants, and each of them. Thus, 224 Entertainment is entitled to exemplary and punitive
 25 damages in an amount appropriate to punish or set an example of Defendants and to deter such
 26 conduct by them and others in the future, according to proof at trial.

27 ///

28 ///

FOURTH CAUSE OF ACTION**(For Fraud [Negligent Misrepresentation] Against All Defendants)**

1
2
3 49. Plaintiff repeats, realleges, adopts and incorporates each and every allegation
4 contained in Paragraphs 1 through 28, inclusive, as though fully set forth herein.

5 50. 224 Entertainment is informed and believes and based thereon alleges that to the
6 extent that the Court determines that Kaufman, individually and on behalf of Schwartz, Machete's
7 Chop Shop and Overnight Productions, did not intentionally make the representations alleged in
8 Paragraphs 41-44, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and
9 Overnight Productions, negligently and carelessly made the representations to Gilardi and Parker.

10 51. 224 Entertainment is informed and believes and based thereon alleges that the above
11 representations were made by Kaufman, individually and on behalf of Schwartz, Machete's Chop
12 Shop and Overnight Productions, without any reasonable ground for believing them to be true.

13 52. 224 Entertainment is informed and believes and based thereon alleges that each of
14 the above representations were made by Kaufman, individually and on behalf of Schwartz,
15 Machete's Chop Shop and Overnight Productions, with an intent to induce 224 Entertainment to
16 rely thereon and did induce 224 Entertainment to enter into the Agreement, perform the work of
17 obtaining a surety and bridge financing for *Machete*, and refrain from pursuing or accepting
18 alternative projects.

19 53. At the time or times Kaufman, individually and on behalf of Schwartz, Machete's
20 Chop Shop and Overnight Productions, made these representations, 224 Entertainment was ignorant
21 of the falsity of the representations and reasonably and justifiably believed them to be true.

22 54. In reliance upon the representations, 224 Entertainment was induced to do, and did,
23 the acts alleged herein including, but not limited to, entering into the Agreement, performing the
24 work of obtaining a surety and bridge financing for *Machete*, and refraining from pursuing or
25 accepting alternative projects.

26 55. 224 Entertainment's reliance upon the representations was justified and reasonable.

27 ///

28 ///

1 56. As a direct, proximate and reasonably foreseeable result of the negligent
2 misrepresentations, 224 Entertainment has suffered and continues to suffer damages in an amount
3 to be proven at trial, but is believed to be in excess of One Million Dollars (\$1,000,000). 224
4 Entertainment will seek leave to amend this Complaint to allege the precise amount when same is
5 ascertained.

6
7 **WHEREFORE**, Plaintiff prays for judgment against Defendants, and each of them, jointly
8 and severally, as follows:

9 **AS TO THE FIRST CAUSE OF ACTION:**

10 1. For an award of general, special, and consequential damages against Defendants in
11 an amount in excess of the jurisdictional limits of this Court, the exact amount subject to proof at
12 the time of trial, said amount believed to be in excess of One Million Dollars (\$1,000,000);

13 **AS TO THE SECOND CAUSE OF ACTION:**

14 2. For an award of general, special, and consequential damages against Defendants in
15 an amount in excess of the jurisdictional limits of this Court, the exact amount subject to proof at
16 the time of trial, said amount believed to be in excess of One Million Dollars (\$1,000,000);

17 **AS TO THE THIRD CAUSE OF ACTION:**

18 3. For an award of general, special, and consequential damages against Defendants in
19 an amount in excess of the jurisdictional limits of this Court, the exact amount subject to proof at
20 the time of trial, said amount believed to be in excess of One Million Dollars (\$1,000,000);

21 4. For punitive damages pursuant to Civil Code § 3294 in an amount appropriate to
22 punish or set an example of Defendants, and to deter such conduct in the future, the exact amount
23 of such damages subject to proof at time of trial;

24 **AS TO THE FOURTH CAUSE OF ACTION:**

25 5. For an award of general, special, and consequential damages against Defendants in
26 an amount in excess of the jurisdictional limits of this Court, the exact amount subject to proof at
27 the time of trial, said amount believed to be in excess of One Million Dollars (\$1,000,000);

28 ///

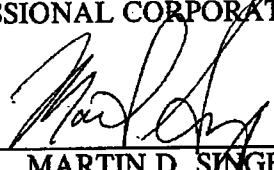
1 AS TO ALL CAUSES OF ACTION:

- 2 1. For costs of suit herein;
- 3 2. For interest on the above-requested general, special and the maximum legal rate as
- 4 provided by law; and
- 5 3. For such other additional relief as the Court deems just and proper.
- 6

7 DATED: January 29, 2010

Respectfully submitted,

8 MARTIN D. SINGER
9 TODD S. EAGAN
10 LAVELY & SINGER
11 PROFESSIONAL CORPORATION

12 By: 
13 MARTIN D. SINGER
14 Attorneys for Plaintiff 22 ENTERTAINMENT,
15 LLC
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REQUEST FOR JURY TRIAL

Plaintiff 224 Entertainment, LLC hereby requests a trial by jury.

DATED: January 29, 2010

Respectfully submitted,

MARTIN D. SINGER
TODD S. EAGAN
LAVELY & SINGER
PROFESSIONAL CORPORATION

By: 

MARTIN D. SINGER

Attorneys for Plaintiff 224 ENTERTAINMENT,
LLC

CM-010

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, Bar number, and address): MARTIN D. SINGER (SBN 78166) TODD S. EAGAN (SBN 207426) LAVELY & SINGER PROFESSIONAL CORPORATION 2049 Century Park East, Suite 2400 Los Angeles, California 90067 TELEPHONE NO.: 310-556-3501 FAX NO.: (310) 556-3615 ATTORNEY FOR (Name): Plaintiff, 224 ENTERTAINMENT, LLC		FOR COURT USE ONLY <div style="font-size: 24pt; font-weight: bold;">FILED</div> <div style="font-weight: bold;">Los Angeles Superior Court</div> <div style="font-size: 18pt;">JAN 29 2010</div> John A. Clarke, Executive Officer/Clerk By <u>SHAUNYA WESLEY</u> Deputy	
SUPERIOR COURT OF CALIFORNIA, COUNTY OF Los Angeles STREET ADDRESS: 111 N. Hill Street MAILING ADDRESS: (same) CITY AND ZIP CODE: Los Angeles, California 90012 BRANCH NAME: CENTRAL		CASE NUMBER: <div style="font-size: 24pt; font-weight: bold;">BC430894</div>	
CASE NAME: 224 ENTERTAINMENT v. AARON KAUFMAN, et al.		JUDGE: DEPT:	
CIVIL CASE COVER SHEET <input checked="" type="checkbox"/> Unlimited (Amount demanded exceeds \$25,000) <input type="checkbox"/> Limited (Amount demanded is \$25,000 or less)		Complex Case Designation <input type="checkbox"/> Counter <input type="checkbox"/> Joinder Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)	

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

Auto Tort <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/WD (23) Non-PI/PD/WD (Other) Tort <input type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/WD tort (35) Employment <input type="checkbox"/> Wrongful termination (36) <input type="checkbox"/> Other employment (15)	Contract <input checked="" type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) Real Property <input type="checkbox"/> Eminent domain/Inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) Unlawful Detainer <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) Judicial Review <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) Enforcement of Judgment <input type="checkbox"/> Enforcement of judgment (20) Miscellaneous Civil Complaint <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) Miscellaneous Civil Petition <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)
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2. This case ☐ is ☒ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- | | |
|--|--|
| a. <input type="checkbox"/> Large number of separately represented parties | d. <input type="checkbox"/> Large number of witnesses |
| b. <input type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve | e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court |
| c. <input type="checkbox"/> Substantial amount of documentary evidence | f. <input type="checkbox"/> Substantial postjudgment judicial supervision |
3. Remedies sought (check all that apply): a. ☒ monetary b. ☐ nonmonetary; declaratory or injunctive relief c. ☒ punitive

4. Number of causes of action (specify): **Four (4)**5. This case ☐ is ☒ is not a class action suit.

6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: **January 29, 2010****MARTIN D. SINGER**

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

ORIGINAL

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

CM-010

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check one box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the primary cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages; (2) punitive damages; (3) recovery of real property; (4) recovery of personal property; or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES

Auto Tort

Auto (22)—Personal Injury/Property Damage/Wrongful Death
Uninsured Motorist (46) (*if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto*)

Other PIPD/W (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (04)
Asbestos Property Damage
Asbestos Personal Injury/Wrongful Death
Product Liability (*not asbestos or toxic/environmental*) (24)
Medical Malpractice (45)
Medical Malpractice—Physicians & Surgeons
Other Professional Health Care Malpractice
Other PI/PD/W (23)
Premises Liability (e.g., slip and fall)
Intentional Bodily Injury/PD/W (e.g., assault, vandalism)
Intentional Infliction of Emotional Distress
Negligent Infliction of Emotional Distress
Other PI/PD/W

Non-PI/PD/W (Other) Tort

Business Tort/Unfair Business Practice (07)
Civil Rights (e.g., discrimination, false arrest) (*not civil harassment*) (08)
Defamation (e.g., slander, libel) (13)
Fraud (16)
Intellectual Property (19)
Professional Negligence (25)
Legal Malpractice
Other Professional Malpractice (*not medical or legal*)
Other Non-PI/PD/W Tort (35)
Employment
Wrongful Termination (36)
Other Employment (15)

Contract

Breach of Contract/Warranty (06)
Breach of Rental/Lease
Contract (*not unlawful detainer or wrongful eviction*)
Contract/Warranty Breach—Seller Plaintiff (*not fraud or negligence*)
Negligent Breach of Contract/Warranty
Other Breach of Contract/Warranty
Collections (e.g., money owed, open book accounts) (09)
Collection Case—Seller Plaintiff
Other Promissory Note/Collections Case
Insurance Coverage (*not provisionally complex*) (18)
Auto Subrogation
Other Coverage
Other Contract (37)
Contractual Fraud
Other Contract Dispute

Real Property

Eminent Domain/Inverse Condemnation (14)
Wrongful Eviction (33)
Other Real Property (e.g., quiet title) (26)
Writ of Possession of Real Property
Mortgage Foreclosure
Quiet Title
Other Real Property (*not eminent domain, landlord/tenant, or foreclosure*)

Unlawful Detainer

Commercial (31)
Residential (32)
Drugs (38) (*if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential*)

Judicial Review

Asset Forfeiture (05)
Petition Re: Arbitration Award (11)
Writ of Mandate (02)
Writ—Administrative Mandamus
Writ—Mandamus on Limited Court Case Matter
Writ—Other Limited Court Case Review
Other Judicial Review (39)
Review of Health Officer Order
Notice of Appeal—Labor
Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

Antitrust/Trade Regulation (03)
Construction Defect (10)
Claims Involving Mass Tort (40)
Securities Litigation (28)
Environmental/Toxic Tort (30)
Insurance Coverage Claims (*arising from provisionally complex case type listed above*) (41)

Enforcement of Judgment

Enforcement of Judgment (20)
Abstract of Judgment (Out of County)
Confession of Judgment (*non-domestic relations*)
Sister State Judgment
Administrative Agency Award (*not unpaid taxes*)
Petition/Certification of Entry of Judgment on Unpaid Taxes
Other Enforcement of Judgment Case

Miscellaneous Civil Complaint

RICO (27)
Other Complaint (*not specified above*) (42)
Declaratory Relief Only
Injunctive Relief Only (*non-harassment*)
Mechanics Lien
Other Commercial Complaint Case (*non-tort/non-complex*)
Other Civil Complaint (*non-tort/non-complex*)

Miscellaneous Civil Petition

Partnership and Corporate Governance (21)
Other Petition (*not specified above*) (43)
Civil Harassment
Workplace Violence
Elder/Dependent Adult Abuse
Election Contest
Petition for Name Change
Petition for Relief from Late Claim
Other Civil Petition

SHORT TITLE: 224 ENTERTAINMENT v. AARON KAUFMAN, et al.

CASE NUMBER

CIVIL CASE COVER SHEET ADDENDUM AND STATEMENT OF LOCATION (CERTIFICATE OF GROUNDS FOR ASSIGNMENT TO COURTHOUSE LOCATION)

This form is required pursuant to LASC Local Rule 2.0 in all new civil case filings in the Los Angeles Superior Court.

Item I. Check the types of hearing and fill in the estimated length of hearing expected for this case:

JURY TRIAL? ☒ YES CLASS ACTION? ☐ YES LIMITED CASE? ☐ YES TIME ESTIMATED FOR TRIAL 5 ☐ HOURS/ ☒ DAYS

Item II. Select the correct district and courthouse location (4 steps – If you checked "Limited Case", skip to Item III, Pg. 4):

Step 1: After first completing the Civil Case Cover Sheet Form, find the main civil case cover sheet heading for your case in the left margin below, and, to the right in Column A, the Civil Case Cover Sheet case type you selected.

Step 2: Check one Superior Court type of action in Column B below which best describes the nature of this case.

Step 3: In Column C, circle the reason for the court location choice that applies to the type of action you have checked.

For any exception to the court location, see Los Angeles Superior Court Local Rule 2.0.

Applicable Reasons for Choosing Courthouse Location (See Column C below)

1. Class Actions must be filed in the County Courthouse, Central District.
2. May be filed in Central (Other county, or no Bodily Injury/Property Damage).
3. Location where cause of action arose.
4. Location where bodily injury, death or damage occurred.
5. Location where performance required or defendant resides.
6. Location of property or permanently garaged vehicle.
7. Location where petitioner resides.
8. Location wherein defendant/respondent functions wholly.
9. Location where one or more of the parties reside.
10. Location of Labor Commissioner Office.

Step 4: Fill in the information requested on page 4 in Item III; complete Item IV. Sign the declaration.

	A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Auto Tort	Auto (22)	<input type="checkbox"/> A7100 Motor Vehicle - Personal Injury/Property Damage/Wrongful Death	1., 2., 4.
	Uninsured Motorist (46)	<input type="checkbox"/> A7110 Personal Injury/Property Damage/Wrongful Death – Uninsured Motorist	1., 2., 4.
Other Personal Injury/Property Damage/Wrongful Death Tort	Asbestos (04)	<input type="checkbox"/> A6070 Asbestos Property Damage <input type="checkbox"/> A7221 Asbestos - Personal Injury/Wrongful Death	2. 2.
	Product Liability (24)	<input type="checkbox"/> A7260 Product Liability (not asbestos or toxic/environmental)	1., 2., 3., 4., 8.
	Medical Malpractice (45)	<input type="checkbox"/> A7210 Medical Malpractice - Physicians & Surgeons <input type="checkbox"/> A7240 Other Professional Health Care Malpractice	1., 2., 4. 1., 2., 4.
	Other Personal Injury Property Damage Wrongful Death (23)	<input type="checkbox"/> A7250 Premises Liability (e.g., slip and fall)	1., 2., 4.
		<input type="checkbox"/> A7230 Intentional Bodily Injury/Property Damage/Wrongful Death (e.g., assault, vandalism, etc.)	1., 2., 4.
<input type="checkbox"/> A7270 Intentional Infliction of Emotional Distress <input type="checkbox"/> A7220 Other Personal Injury/Property Damage/Wrongful Death		1., 2., 3. 1., 2., 4.	
Non-Personal Injury/Property Damage/Wrongful Death Tort	Business Tort (07)	<input type="checkbox"/> A6029 Other Commercial/Business Tort (not fraud/breach of contract)	1., 2., 3.
	Civil Rights (08)	<input type="checkbox"/> A6005 Civil Rights/Discrimination	1., 2., 3.
	Defamation (13)	<input type="checkbox"/> A6010 Defamation (slander/libel)	1., 2., 3.
	Fraud (16)	<input type="checkbox"/> A6013 Fraud (no contract)	1., 2., 3.

ORIGINAL

Non-Personal Injury/Property Damage/
Wrongful Death Tort (Cont'd.)

Employment

Contract

Real Property

Unlawful Detainer
Judicial Review

SHORT TITLE: 224 ENTERTAINMENT v. AARON KAUFMAN, et al.		CASE NUMBER
A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Professional Negligence (25)	<input type="checkbox"/> A6017 Legal Malpractice <input type="checkbox"/> A6050 Other Professional Malpractice (not medical or legal)	1., 2., 3. 1., 2., 3.
Other (35)	<input type="checkbox"/> A6025 Other Non-Personal Injury/Property Damage tort	2., 3.
Wrongful Termination (36)	<input type="checkbox"/> A6037 Wrongful Termination	1., 2., 3.
Other Employment (15)	<input type="checkbox"/> A6024 Other Employment Complaint Case <input type="checkbox"/> A6109 Labor Commissioner Appeals	1., 2., 3. 10.
Breach of Contract/Warranty (06) (not insurance)	<input type="checkbox"/> A6004 Breach of Rental/Lease Contract (not Unlawful Detainer or wrongful eviction) <input type="checkbox"/> A6008 Contract/Warranty Breach -Seller Plaintiff (no fraud/negligence) <input type="checkbox"/> A6019 Negligent Breach of Contract/Warranty (no fraud) <input type="checkbox"/> A6028 Other Breach of Contract/Warranty (not fraud or negligence)	2., 5. 2., 5. 1., 2., 5. 1., 2., 5.
Collections (09)	<input type="checkbox"/> A6002 Collections Case-Seller Plaintiff <input type="checkbox"/> A6012 Other Promissory Note/Collections Case	2., 5., 6. 2., 5.
Insurance Coverage (18)	<input type="checkbox"/> A6015 Insurance Coverage (not complex)	1., 2., 5., 8.
Other Contract (37)	<input checked="" type="checkbox"/> A6009 Contractual Fraud <input type="checkbox"/> A6031 Tortious Interference <input type="checkbox"/> A6027 Other Contract Dispute(not breach/insurance/fraud/negligence)	1. (2) 3., 5. 1., 2., 3., 5. 1., 2., 3., 8.
Eminent Domain/Inverse Condemnation (14)	<input type="checkbox"/> A7300 Eminent Domain/Condemnation Number of parcels _____	2.
Wrongful Eviction (33)	<input type="checkbox"/> A6023 Wrongful Eviction Case	2., 6.
Other Real Property (26)	<input type="checkbox"/> A6018 Mortgage Foreclosure <input type="checkbox"/> A6032 Quiet Title <input type="checkbox"/> A6060 Other Real Property (not eminent domain, landlord/tenant, foreclosure)	2., 6. 2., 6. 2., 6.
Unlawful Detainer - Commercial (31)	<input type="checkbox"/> A6021 Unlawful Detainer-Commercial (not drugs or wrongful eviction)	2., 6.
Unlawful Detainer - Residential (32)	<input type="checkbox"/> A6020 Unlawful Detainer-Residential (not drugs or wrongful eviction)	2., 6.
Unlawful Detainer - Drugs (38)	<input type="checkbox"/> A6022 Unlawful Detainer-Drugs	2., 6.
Asset Forfeiture (05)	<input type="checkbox"/> A6108 Asset Forfeiture Case	2., 6.
Petition re Arbitration (11)	<input type="checkbox"/> A6115 Petition to Compel/Confirm/Vacate Arbitration	2., 5.

SHORT TITLE: 224 ENTERTAINMENT v. AARON KAUFMAN, et al.

CASE NUMBER

Judicial Review (Cont'd.)	A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
	Provisionally Complex Litigation	Writ of Mandate (02)	<input type="checkbox"/> A6151 Writ - Administrative Mandamus <input type="checkbox"/> A6152 Writ - Mandamus on Limited Court Case Matter <input type="checkbox"/> A6153 Writ - Other Limited Court Case Review
Other Judicial Review (39)		<input type="checkbox"/> A6150 Other Writ / Judicial Review	2., 8.
Antitrust/Trade Regulation (03)		<input type="checkbox"/> A6003 Antitrust/Trade Regulation	1., 2., 8.
Construction Defect (10)		<input type="checkbox"/> A6007 Construction defect	1., 2., 3.
Claims Involving Mass Tort (40)		<input type="checkbox"/> A6006 Claims Involving Mass Tort	1., 2., 8.
Securities Litigation (28)		<input type="checkbox"/> A6035 Securities Litigation Case	1., 2., 8.
Toxic Tort Environmental (30)		<input type="checkbox"/> A6036 Toxic Tort/Environmental	1., 2., 3., 8.
Enforcement of Judgment	Insurance Coverage Claims from Complex Case (41)	<input type="checkbox"/> A6014 Insurance Coverage/Subrogation (complex case only)	1., 2., 5., 8.
	Enforcement of Judgment (20)	<input type="checkbox"/> A6141 Sister State Judgment <input type="checkbox"/> A6160 Abstract of Judgment <input type="checkbox"/> A6107 Confession of Judgment (non-domestic relations) <input type="checkbox"/> A6140 Administrative Agency Award (not unpaid taxes) <input type="checkbox"/> A6114 Petition/Certificate for Entry of Judgment on Unpaid Tax <input type="checkbox"/> A6112 Other Enforcement of Judgment Case	2., 9. 2., 6. 2., 9. 2., 8. 2., 8. 2., 8., 9.
Miscellaneous Civil Complaints	RICO (27)	<input type="checkbox"/> A6033 Racketeering (RICO) Case	1., 2., 8.
	Other Complaints (Not Specified Above) (42)	<input type="checkbox"/> A6030 Declaratory Relief Only <input type="checkbox"/> A6040 Injunctive Relief Only (not domestic/harassment) <input type="checkbox"/> A6011 Other Commercial Complaint Case (non-tort/non-complex) <input type="checkbox"/> A6000 Other Civil Complaint (non-tort/non-complex)	1., 2., 8. 2., 8. 1., 2., 8. 1., 2., 8.
	Partnership Corporation Governance (21)	<input type="checkbox"/> A6113 Partnership and Corporate Governance Case	2., 8.
Miscellaneous Civil Petitions	Other Petitions (Not Specified Above) (43)	<input type="checkbox"/> A6121 Civil Harassment <input type="checkbox"/> A6123 Workplace Harassment <input type="checkbox"/> A6124 Elder/Dependent Adult Abuse Case <input type="checkbox"/> A6190 Election Contest <input type="checkbox"/> A6110 Petition for Change of Name <input type="checkbox"/> A6170 Petition for Relief from Late Claim Law <input type="checkbox"/> A6100 Other Civil Petition	2., 3., 9. 2., 3., 9. 2., 3., 9. 2. 2., 7. 2., 3., 4., 8. 2., 9.

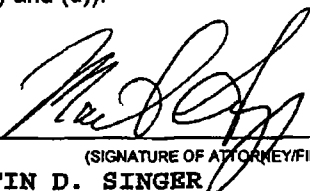
SHORT TITLE: 224 ENTERTAINMENT v. AARON KAUFMAN, et al.	CASE NUMBER
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Item III. Statement of Location: Enter the address of the accident, party's residence or place of business, performance, or other circumstance indicated in Item II., Step 3 on Page 1, as the proper reason for filing in the court location you selected.

REASON: CHECK THE NUMBER UNDER COLUMN C WHICH APPLIES IN THIS CASE			ADDRESS:
<input type="checkbox"/> 1. <input checked="" type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/> 7. <input type="checkbox"/> 8. <input type="checkbox"/> 9. <input type="checkbox"/> 10.			9454 Wilshire Boulevard
CITY:	STATE:	ZIP CODE:	
Beverly Hills	CA	90212	

Item IV. Declaration of Assignment: I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that the above-entitled matter is properly filed for assignment to the STANLEY MOSK courthouse in the CENTRAL District of the Los Angeles Superior Court (Code Civ. Proc., § 392 et seq., and LASC Local Rule 2.0, subds. (b), (c) and (d)).

Dated: January 29, 2010


(SIGNATURE OF ATTORNEY/FILING PARTY)
MARTIN D. SINGER

PLEASE HAVE THE FOLLOWING ITEMS COMPLETED AND READY TO BE FILED IN ORDER TO PROPERLY COMMENCE YOUR NEW COURT CASE:

1. Original Complaint or Petition.
2. If filing a Complaint, a completed Summons form for issuance by the Clerk.
3. Civil Case Cover Sheet form CM-010.
4. Complete Addendum to Civil Case Cover Sheet form LACIV 109 (Rev 01/07), LASC Approved 03-04.
5. Payment in full of the filing fee, unless fees have been waived.
6. Signed order appointing the Guardian ad Litem, JC form FL-935, if the plaintiff or petitioner is a minor under 18 years of age, or if required by Court.
7. Additional copies of documents to be conformed by the Clerk. Copies of the cover sheet and this addendum must be served along with the summons and complaint, or other initiating pleading in the case.

NOTICE SENT TO:

Singer, Martin D., Esq.
 Lavelly & Singer Professional Corp.
 2049 Century Park East, Suite 2400
 Los Angeles, CA 90067-2906

FILED
 LOS ANGELES SUPERIOR COURT

FEB 03 2010

JOHN A. CLARKE, CLERK
 BY MARISOL LOMELI, DEPUTY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

224 ENTERTAINMENT LLC

Plaintiff(s),

VS.

AARON KAUFMAN ET AL

Defendant(s).

CASE NUMBER

BC430894

NOTICE OF CASE
MANAGEMENT CONFERENCE

TO THE PLAINTIFF(S)/ATTORNEY(S) FOR PLAINTIFF(S) OF RECORD:

You are ordered to serve this notice of hearing on all parties/attorneys of record forthwith, and meet and confer with all parties/attorneys of record about the matters to be discussed no later than 30 days before the Case Management Conference.

Your Case Management Conference has been scheduled for May 6, 2010 at 8:30 am in Dept. 49 at 111 N. Hill Street, Los Angeles, California 90012.

Pursuant to California Rules of Court, 3.720-3.730, a completed Case Management Statement (Judicial Council form # CM-110) must be filed at least 15 calendar days prior to the Case Management Conference. The Case Management Statement may be filed jointly by all parties/attorneys of record or individually by each party/attorney of record. You must be familiar with the case and be fully prepared to participate effectively in the Case Management Conference.

At the Case Management Conference, the Court may make pretrial orders including the following, but not limited to, an order establishing a discovery schedule; an order referring the case to Alternative Dispute Resolution (ADR); an order reclassifying the case; an order dismissing fictitious/unnamed defendants; an order setting subsequent conference and the trial date; or other orders to achieve the goals of the Trial Court Delay Reduction Act (GC 68600 et seq.)

Notice is hereby given that if you do not file the Case Management Statement or appear and effectively participate at the Case Management Conference, the Court may impose sanctions pursuant to LASC Local Rule 7.13, CCP Sections 177.5, 575.2, 583.150, 583.360 and 583.410, GC Section 68608 (b), and California Rules of Court 2.2 et seq.

Date: February 3, 2010

Conrad Richard Aragon
 Judicial Officer
 CONRAD RICHARD ARAGON

CERTIFICATE OF SERVICE

I, the below named Executive Officer/Clerk of the above-entitled court, do hereby certify that I am not a party to the cause herein, and that on this date I served the Notice of Case Management Conference upon each party or counsel named above:

☒ by depositing in the United States mail at the courthouse in Los Angeles, California, one copy of the original filed herein in a separate sealed envelope to each address as shown above with postage thereon fully prepaid.

☐ by personally giving the party notice upon filing the complaint.

Date: February 3, 2010

John A. Clarke, Executive Officer/Clerk
 by *M. Lomeli*, Deputy Clerk

LACTV 132 (Rev. 01/07)
 LASC Approved 10-03

Cal. Rules of Court, rule 3.720-3.730
 LASC Local Rules, Chapter Seven

1 MARTIN D. SINGER, ESQ. (Bar No. 78166)
 2 TODD S. EAGAN, ESQ. (Bar No. 207426)
 3 LAVELY & SINGER
 4 PROFESSIONAL CORPORATION
 5 2049 Century Park East, Suite 2400
 6 Los Angeles, California 90067-2906
 7 Telephone: (310) 556-3501
 8 Facsimile: (310) 556-3615
 9 Email: mdsinger@lavelysinger.com
 10 teagan@lavelysinger.com
 11
 12 Attorneys for Plaintiff
 13 224 Entertainment, LLC

FILED
 LOS ANGELES SUPERIOR COURT
 FEB 10 2010
 JOHN A. CLARKE, CLERK
 BY PAUL BANCHEZ, DEPUTY

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 10 FOR THE COUNTY OF LOS ANGELES - CENTRAL DISTRICT

12 224 ENTERTAINMENT, LLC, a)
 13 California Limited Liability Company,)

14 Plaintiff,)

15 v.)

16 AARON KAUFMAN, an individual;)
 17 RICK SCHWARTZ, an individual;)
 18 MACHETE'S CHOP SHOP, INC., a)
 19 Texas corporation; OVERNIGHT)
 20 PRODUCTIONS, LLC, a Delaware)
 21 limited liability company; and DOES 1)
 22 through 10, inclusive,)

23 Defendants.)

CASE NO. BC 430894

[Hon. Conrad Aragon - Dept. 49]

NOTICE OF ERRATA

RE: PLAINTIFF'S COMPLAINT

[Complaint filed: January 29, 2010]

ORIGINAL

Exhibit C, Pg. 31

1 TO THE ABOVE-CAPTIONED COURT AND TO ALL PARTIES AND THEIR
2 ATTORNEYS OF RECORD:

3 PLEASE TAKE NOTICE that Plaintiff 224 Entertainment, LLC's Complaint, filed on
4 January 29, 2010, inadvertently omitted Exhibit "A" due to a clerical error. Attached hereto is
5 a complete copy of the Complaint, which includes Exhibit "A."

6 We apologize for any inconvenience this error causes the Court or counsel.

7
8 DATED: February 10, 2010

MARTIN D. SINGER
TODD S. EAGAN
LAVELY & SINGER
PROFESSIONAL CORPORATION

9
10
11 By: Todd S. Eagan
12 TODD S. EAGAN
13 Attorneys for Plaintiff 224 ENTERTAINMENT,
14 LLC
15
16
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19
20
21
22
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25
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Exhibit C, Pg. 32

CONFORMED COPY
OF ORIGINAL FILED
Los Angeles Superior Court

JAN 29 2010

John A. Clarke, Executive Officer/Clerk
By SHAUNYA WESLEY Deputy

MARTIN D. SINGER, ESQ. (Bar No. 78166)
TODD S. EAGAN, ESQ. (Bar No. 207426)
LAVELY & SINGER
PROFESSIONAL CORPORATION
2049 Century Park East, Suite 2400
Los Angeles, California 90067-2906
Telephone: (310) 556-3501
Facsimile: (310) 556-3615
Email: mdsinger@lavelysinger.com
teagan@lavelysinger.com

Attorneys for Plaintiff
224 Entertainment, LLC

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES - CENTRAL DISTRICT

224 ENTERTAINMENT, LLC, a
California Limited Liability Company,

Plaintiff,

v.

AARON KAUFMAN, an individual;
RICK SCHWARTZ, an individual;
MACHETE'S CHOP SHOP, INC., a
Texas corporation; OVERNIGHT
PRODUCTIONS, LLC, a Delaware
limited liability company; and DOES 1
through 10, inclusive,

Defendants.

CASE NO.

COMPLAINT FOR **BC 430894**

- (1) BREACH OF CONTRACT;
- (2) BREACH OF THE IMPLIED
COVENANT OF GOOD FAITH AND
FAIR DEALING;
- (3) FRAUD [Intentional
Misrepresentation];
- (4) FRAUD [Negligent Misrepresentation]

[DEMAND FOR JURY TRIAL]

Plaintiff 224 ENTERTAINMENT, LLC ("224 Entertainment" and/or "Plaintiff") alleges
as follows:

SUMMARY OF ACTION

1. *Machete* is a new motion picture starring Robert DeNiro, Steven Seagal, Michelle
Rodriguez and Jessica Alba based on the *faux* movie trailer from the 2007 hit *Grindhouse*. It is
directed by Robert Rodriguez and produced by Machete's Chop Shop, Inc. ("Machete's Chop
Shop") and Overnight Productions, LLC ("Overnight Productions"). Aaron Kaufman

1 ("Kaufman") and Rick Schwartz ("Schwartz") are the principals of Machete's Chop Shop and
2 Overnight Productions.

3 2. 224 Entertainment acts as an intermediary arranging surety services for motion
4 picture projects. It manages a surety program known as the IBCS Asset-Backed Film Finance
5 Surety Program. Jack Gilardi, Jr. ("Gilardi") and Darby Parker ("Parker") are the principals of
6 224 Entertainment.

7 3. Beginning in March 2009, 224 Entertainment was sought out by Kaufman,
8 Schwartz, Machete's Chop Shop and Overnight Productions, who requested that 224
9 Entertainment arrange surety services and bridge financing for *Machete*. 224 Entertainment
10 agreed to do so and was promised fixed and contingent compensation and film credits in return.

11 4. Despite having successfully provided surety services and bridge financing for
12 *Machete*, Kaufman, Schwartz, Machete's Chop Shop and Overnight Productions refuse to pay 224
13 Entertainment the promised compensation and to provide the film credits.

14

15 THE PARTIES

16 5. 224 Entertainment is a California Limited Liability Company, with its principal
17 place of business located in the County of Los Angeles, State of California.

18 6. Plaintiff is informed and believes, and based thereon alleges, that Defendant
19 Kaufman is, and at all times relevant hereto was, an individual residing in the County of New
20 York, State of New York, doing business in the County of Los Angeles, State of California.

21 7. Plaintiff is informed and believes, and based thereon alleges, that Defendant
22 Schwartz is, and at all times relevant hereto was, an individual residing in the County of New
23 York, State of New York, doing business in the County of Los Angeles, State of California.

24 8. Plaintiff is informed and believes, and based thereon alleges, that Defendant
25 Machete's Chop Shop, Inc. is, and at all times relevant hereto was, a Texas corporation, doing
26 business in the County of Los Angeles, State of California.

27 ///

28 ///

1 9. Plaintiff is informed and believes, and based thereon alleges, that Defendant
2 Overnight Productions, LLC is, and at all times relevant hereto was, a Delaware limited liability
3 company, doing business in the County of Los Angeles, State of California.

4 10. Plaintiff is presently unaware of the true names and capacities of Defendants sued
5 herein as Does 1 through 10, inclusive, and therefore sues said Defendants by such fictitious
6 names. Plaintiff will amend this Complaint to allege the true names and capacities of such
7 fictitiously named Defendants when the same have been ascertained. Plaintiff is informed and
8 believes and based thereon alleges that each of the fictitiously named Defendants is responsible
9 in some manner for the occurrences, acts and omissions alleged herein and that Plaintiff's damages
10 were proximately caused by their conduct. Hereinafter all Defendants including Doe Defendants
11 will sometimes be referred to collectively as "Defendants."

12 11. Plaintiff is informed and believes, and based thereon alleges that at all material times
13 Kaufman, Schwartz, Machete's Chop Shop, Overnight Productions and Does 1 - 10, and each of
14 them, were the agents, employees, partners, joint venturers, co-conspirators, owners, principals, and
15 employers of the other, and each of them are, and at all times herein mentioned were, acting within
16 the course and scope of that agency, employment, partnership, conspiracy, ownership or joint
17 venture. Plaintiff is informed and believes, and based thereon alleges, that the acts and conduct
18 alleged herein were known to, and authorized or ratified by, the officers, directors, and managing
19 agents of each of the Defendants.

20 12. Plaintiff is informed and believes and based thereon alleges that at all times relevant
21 to this action there existed a unity of interest and ownership among Kaufman, Schwartz, Machete's
22 Chop Shop, Overnight Productions, and Does 1 - 10, such that the individuality and separateness
23 between them ceased, and that if the acts as alleged herein are treated solely as those of Machete's
24 Chop Shop and Overnight Productions alone, an inequitable result will follow because Machete's
25 Chop Shop and Overnight Productions are the alter ego of Kaufman, Schwartz and Does 1 - 10, and
26 Kaufman, Schwartz and Does 1 - 10 are legally responsible for the debts and obligations of
27 Machete's Chop Shop and Overnight Productions, in that, among other things: (a) Kaufman,
28 Schwartz and Does 1 - 10 own and control Machete's Chop Shop and Overnight Productions, and

1 Kaufman, Schwartz and Does 1 - 10 at all times relevant hereto directly controlled, dominated, used,
 2 managed and operated Machete's Chop Shop and Overnight Productions, and Machete's Chop Shop
 3 and Overnight Productions function and operate as a business conduit and alter ego of Kaufman,
 4 Schwartz and Does 1 - 10; (b) there was a failure to comply with or observe the formalities of
 5 corporate formation and/or operation of Machete's Chop Shop and Overnight Productions; (c) there
 6 was a commingling of assets and obligations among Machete's Chop Shop, Overnight Productions,
 7 Kaufman, Schwartz and Does 1 - 10; (d) Machete's Chop Shop and Overnight Productions are, and
 8 at all times relevant hereto have been, mere shells and shams without sufficient capital assets to meet
 9 their debts, obligations and liabilities; and (e) the individuality of Machete's Chop Shop, Overnight
 10 Productions, Kaufman, Schwartz and Does 1 - 10 was and is a total sham and fiction.

11
 12 **FACTS COMMON TO ALL CLAIMS FOR RELIEF**

13 13. 224 Entertainment acts as an intermediary arranging surety services for motion
 14 picture projects. It manages a surety program known as the IBCS Asset-Backed Film Finance
 15 Surety Program.

16 14. On or around March 1, 2009, Kaufman, individually and on behalf of Schwartz,
 17 Machete's Chop Shop and Overnight Productions, met with 224 Entertainment's principal, Parker,
 18 in New York. At the meeting, Kaufman requested that 224 Entertainment arrange a surety bond
 19 and obtain bridge financing for *Machete*. Kaufman and Parker also negotiated the general terms
 20 on which 224 Entertainment would be compensated for its services. Shortly afterward, in Los
 21 Angeles, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight
 22 Productions, met with 224 Entertainment's principal, Gilardi, to further negotiate the general
 23 terms on which 224 Entertainment would be compensated for its services.

24 15. On or around March 22, 2009, Kaufman, individually and on behalf of Schwartz,
 25 Machete's Chop Shop and Overnight Productions, contacted 224 Entertainment in Los Angeles
 26 and identified the financier for *Machete*, Anthony Gudas of Tax Credit Finance ("Gudas").
 27 According to Kaufman, Gudas was prepared to fund *Machete*.

28 ///

1 16. On or around May 9, 2009, 224 Entertainment arranged a meeting in Washington,
 2 D.C. for the purpose of providing additional details about the IBCS Asset-Backed Film Finance
 3 Surety Program. Kaufman and Gudas were in attendance, as were the owner of The IBCS Group,
 4 Inc., Edmund Scarborough, and its legal counsel, David Buoncristiani. At the conclusion of the
 5 meeting, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight
 6 Productions, reconfirmed that they wished to proceed and utilize the surety services of 224
 7 Entertainment and the IBCS Asset-Backed Film Finance Surety Program.

8 17. Following the May 9, 2009 meeting, on July 29, 2009, 224 Entertainment and
 9 Machete's Chop Shop entered into a written agreement dated as of May 26, 2009 and thereafter
 10 modified on August 4, 2009 (the "Agreement"). A true and correct copy of the Agreement is
 11 attached hereto as Exhibit "A" and incorporated herein by this reference.

12 18. Under the Agreement, 224 Entertainment agreed to provide surety services and bridge
 13 financing for the production of *Machete*, and to provide the executive producing services of Gilardi
 14 and Parker in connection therewith. The Agreement provided that 224 Entertainment was entitled
 15 to payment for its services upon satisfaction of the following conditions precedent:

- 16 • Delivery of the Agreement and Inducement Letter;
- 17 • Full compliance by Gilardi and Parker with IRCA requirements;
- 18 • Issuance of a completion bond for *Machete*, with an irrevocable commitment
- 19 from the financiers of *Machete* to provide funds sufficient to meet the strike
- 20 price; and
- 21 • \$150,000 in bridge financing obtained by 224 Entertainment via a third party
- 22 investor.

23 19. In return for services provided by 224 Entertainment, Kaufman, individually and
 24 on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, promised to pay 224
 25 Entertainment the following:

26 ///

27 ///

28 ///

Exhibit C, Pg. 37

- 1 • \$502,025 as fixed compensation on a pay-or-play basis;
- 2 • An additional 15% of the net proceeds from *Machete* as contingent
- 3 compensation; and
- 4 • 3% of all bridge financing obtained by 224 Entertainment.

5 Also promised were individual executive producer credits for Gilardi and Parker; company credit
6 for 224 Entertainment; reimbursement for travel, lodging and of out-of-pocket costs; and
7 establishment of a collection account management agreement (the "CAM") prior to the completion
8 of principal photography of *Machete* to account to 224 Entertainment directly for its contingent
9 compensation.

10 20. Under the terms of the Agreement, payment to 224 Entertainment was due on a pay-
11 or-play basis. Based on the Agreement and the concurrent representations of Kaufman on behalf
12 of Schwartz, Machete's Chop Shop and Overnight Productions, whether or not Machete's Chop
13 Shop ultimately proceeded with the IBCS Asset-Backed Film Finance Surety Program was not a
14 condition precedent to payment of the money promised to 224 Entertainment.

15 21. In or around late July 2009 in Los Angeles and New York, Kaufman, individually
16 and on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, represented to
17 Gilardi and Parker that Gudas had backed out of his agreement to fund *Machete*. At that time,
18 Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight
19 Productions, further represented and confirmed to Gilardi and Parker that the Agreement would
20 be honored regardless of whether Gudas financed *Machete* and used the IBCS surety bond
21 arranged by 224 Entertainment.

22 22. Also at that time, Kaufman, individually and on behalf of Schwartz, Machete's
23 Chop Shop and Overnight Productions, represented to Gilardi and Parker that their services were
24 needed to raise bridge financing immediately to support production of *Machete* until a new
25 financier was identified. Relying on Kaufman's representations that the Agreement remained in
26 full force and effect, 224 Entertainment, with the approval of Kaufman, enlisted business
27 associates and reached out to multiple sources, and obtained a bridge loan from Peter and Jerry
28 Fruchtmann in the amount of \$495,000. Kaufman, individually and on behalf of Schwartz,

1 Machete's Chop Shop and Overnight Productions, confirmed in writing that 224 Entertainment's
2 act of securing the \$495,000 bridge loan satisfied the \$150,000 bridge financing condition
3 precedent set forth in the Agreement.

4 23. Also at that time, Kaufman, individually and on behalf of Schwartz, Machete's
5 Chop Shop and Overnight Productions, requested that 224 Entertainment secure an additional
6 \$2,000,000 bridge loan from Perpetual Media Advisors, LLP ("Perpetual Media"). 224
7 Entertainment promptly facilitated a \$2,000,000 bridge loan from Perpetual Media. Pursuant to
8 the loan terms demanded by Perpetual Media, the bridge loan was conditioned on the IBCS surety
9 bond being placed in escrow for production of *Machete*. The \$2,000,000 bridge loan would not
10 have closed without the IBCS surety bond.

11 24. During the time 224 Entertainment was in the process of obtaining the Perpetual
12 Media bridge loan, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and
13 Overnight Productions, again represented and confirmed to Gilardi and Parker that the Agreement
14 would be honored regardless of whether Defendants used the IBCS surety bond arranged by 224
15 Entertainment in connection with the production of *Machete*. On information and belief,
16 Defendants made this representation as part of a scheme to close the bridge loan from Perpetual
17 Media. On further information and belief, however, at the time Defendants made these
18 representations, Defendants in fact had no intention of paying 224 Entertainment its compensation
19 under the Agreement once the bridge loan closed.

20 25. Principal photography of *Machete* commenced on August 9, 2009 and was
21 completed in late September 2009. During the period of principal photography, Defendants
22 abruptly ceased communicating with Gilardi and Parker. Defendants further failed and refused
23 to schedule and arrange Gilardi and Parker's location travel.

24 26. On information and belief, in or around November 2009, a completion bond for
25 *Machete* was issued with an irrevocable commitment from the financier of *Machete* to provide funds
26 sufficient to meet the strike price. As a result, all conditions precedent under the Agreement have
27 been met, including delivery of the Agreement and Inducement Letter; full compliance by Gilardi
28 and Parker with IRCA requirements; issuance of a completion bond for *Machete*, with an irrevocable

1 commitment from the financiers of *Machete* to provide funds sufficient to meet the strike price; and
 2 the arrangement of at least \$150,000 in bridge financing.

3 27. Despite this, Defendants continue to refuse to compensate 224 Entertainment for
 4 its services, including payment of fixed compensation, issuance of co-executive producer credits
 5 to Gilardi and Parker, company credit for 224 Entertainment, reimbursement for travel expenses,
 6 and establishment of the CAM agreement for the collection of monies due to 224 Entertainment
 7 as contingent compensation.

8 28. As a result of Defendants' conduct, 224 Entertainment has been substantially
 9 harmed.

11 FIRST CAUSE OF ACTION

12 (Breach of Contract Against Machete's Chop Shop)

13 29. Plaintiff repeats, realleges, adopts and incorporates each and every allegation
 14 contained in Paragraphs 1 through 28, inclusive, as though fully set forth herein.

15 30. As alleged hereinabove, 224 Entertainment and Machete's Chop Shop, Inc. entered
 16 into the written Agreement in 2009. See Exhibit "A," which is incorporated herein by reference.

17 31. As set forth in the Agreement, 224 Entertainment agreed to provide surety services
 18 and bridge funding for the production of *Machete*, and to provide the executive producing services
 19 of Gilardi and Parker in connection therewith. The Agreement further provided that 224
 20 Entertainment was entitled to payment for its services upon satisfaction of the following conditions
 21 precedent: delivery of the Agreement and Inducement Letter; full compliance by Gilardi and Parker
 22 with IRCA requirements; issuance of a completion bond for *Machete*, with an irrevocable
 23 commitment from the financiers of *Machete* to provide funds sufficient to meet the strike price; and
 24 \$150,000 in bridge financing obtained by 224 Entertainment via a third party bridge financier.

25 32. As set forth in the Agreement, Machete's Chop Shop promised to pay 224
 26 Entertainment \$502,025 as fixed compensation on a pay-or-play basis; an additional 15% of the
 27 company's net proceeds as contingent compensation; and 3% of all bridge financing obtained by 224
 28 Entertainment. Also promised were individual executive producer credits for Gilardi and Parker;

1 company credit; reimbursement for travel, lodging and out-of-pocket costs; and establishment of the
2 CAM agreement to account to 224 Entertainment directly for its contingent compensation.

3 33. Machete's Chop Shop has materially breached its duties and obligations under the
4 Agreement by failing and refusing to pay 224 Entertainment its fixed compensation, provide film
5 credits for Gilardi, Parker and 224 Entertainment, reimburse 224 Entertainment for travel and
6 other out-of-pocket expenses and establish a CAM agreement to account to 224 Entertainment.

7 34. 224 Entertainment has performed all conditions, covenants and promises required
8 pursuant to the terms of the Agreement, except to the extent such performance was waived,
9 excused or prevented by reason of the acts and omissions of Machete's Chop Shop.

10 35. As a direct and proximate result of the failure of Machete's Chop Shop to deal fairly
11 and in good faith, 224 Entertainment has suffered and continues to suffer damages in an amount to
12 be proven at trial, but believed to be in excess of One Million Dollars (\$1,000,000). 224
13 Entertainment will seek leave to amend this Complaint to allege the precise amount when same is
14 ascertained.

15 16 SECOND CAUSE OF ACTION

17 (For Breach of the Implied Covenant of Good Faith and 18 Fair Dealing Against Machete's Chop Shop)

19 36. Plaintiff repeats, realleges, adopts and incorporates each and every allegation
20 contained in Paragraphs 1 through 28, inclusive, as though fully set forth herein.

21 37. 224 Entertainment fully performed all obligations, covenants and conditions to be
22 performed by it under the terms of the Agreement, except to the extent that such performance has
23 been excused or rendered impossible by the wrongful acts of and/or omissions of Machete's Chop
24 Shop.

25 38. On information and belief, Machete's Chop Shop failed to deal fairly and in good
26 faith with 224 Entertainment by interfering with 224 Entertainment's right under the Agreement to
27 payment of fixed compensation due on a pay-or-play basis, by falsely claiming that there was no
28 deal between the parties for 224 Entertainment's services, nor any pay-or-play provision in the

1 Agreement, and failing and refusing to communicate with Gilardi and Parker regarding the
 2 Agreement after 224 Entertainment performed its obligations thereunder. On further information
 3 and belief, Machete's Chop Shop failed to deal fairly and in good faith with 224 Entertainment by
 4 exploiting 224 Entertainment and its arrangement of the IBCS surety bond for the sole purpose of
 5 closing the \$2,000,000 bridge loan with Perpetual Media which was conditioned on the IBCS surety
 6 bond being placed in escrow. On further information and belief, once Machete's Chop Shop had
 7 obtained the \$2,000,000 bridge loan, Machete's Chop Shop then proceeded to independently fund
 8 *Machete* through Overnight Productions, rather than through a third party financier, electing not to
 9 use the IBCS surety and on that basis claiming that Machete's Chop Shop was not obligated to pay
 10 any fees to 224 Entertainment for its services arranging the IBCS surety. In so doing, Defendants
 11 failed to fulfill necessary acts that the Agreement naturally presupposed Defendants would do to
 12 accomplish its purpose.

13 39. As a direct and proximate result of the failure of Machete's Chop Shop to deal fairly
 14 and in good faith, 224 Entertainment has suffered and continues to suffer damages in an amount to
 15 be proven at trial, but believed to be in excess of One Million Dollars (\$1,000,000). 224
 16 Entertainment will seek leave to amend this Complaint to allege the precise amount when same is
 17 ascertained.

18

19 THIRD CAUSE OF ACTION

20 (For Fraud [Intentional Misrepresentation] Against All Defendants)

21 40. Plaintiff repeats, realleges, adopts and incorporates each and every allegation
 22 contained in Paragraphs 1 through 28, inclusive, as though fully set forth herein.

23 41. Beginning on or around March 1, 2009 and continuously thereafter up to and
 24 including August 4, 2009 when the Agreement was confirmed in writing, in Los Angeles and New
 25 York, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight
 26 Productions, made numerous representations to Gilardi and Parker, both verbally and in writing, via
 27 email and telephone calls. This included representations that if 224 Entertainment arranged a surety
 28 and bridge funding for *Machete*, then 224 Entertainment would receive the following: \$502,025 as

1 fixed compensation on a pay-or-play basis; an additional 15% of net proceeds from *Machete* as
 2 contingent compensation; 3% of all bridge financing obtained by 224 Entertainment; individual
 3 executive producer credits a and company credit; reimbursement for travel, lodging and of out-of-
 4 pocket costs; and a CAM agreement for the collection of contingent compensation. Kaufman,
 5 individually and on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, further
 6 represented that whether or not Machete's Chop Shop ultimately proceeded with the IBCS Asset-
 7 Backed Film Finance Surety Program was not a condition precedent to payment of the money
 8 promised to 224 Entertainment, and that 224 Entertainment was not responsible for delivering the
 9 funding that was to be the subject of the surety.

10 42. Subsequently, in or around late July 2009 after Gudas had backed out of the
 11 agreement to fund *Machete*, Kaufman, individually and on behalf of Schwartz, Machete's Chop
 12 Shop and Overnight Productions, represented to Gilardi and Parker, both verbally and in writing,
 13 via email and telephone calls, in Los Angeles and New York, that the Agreement would be honored
 14 regardless of whether Gudas financed *Machete* and used the IBCS surety arranged by 224
 15 Entertainment.

16 43. Each of these representations were false, and the Defendants made the representations
 17 knowing they were untrue, or recklessly without knowing whether they were true or false.

18 44. Also in or around late July 2009, Kaufman, individually and on behalf of Schwartz,
 19 Machete's Chop Shop and Overnight Productions, requested that Gilardi and Parker immediately
 20 raise bridge financing to support production of *Machete* until a new financier was identified. In
 21 making the request for bridge financing, Kaufman, individually and on behalf of Schwartz,
 22 Machete's Chop Shop and Overnight Productions, represented to Gilardi and Parker, both verbally
 23 and in writing, via email and telephone calls, in Los Angeles and New York, that the Agreement
 24 would be honored regardless of whether Gudas financed *Machete* and used the IBCS surety
 25 arranged by 224 Entertainment. On information and belief, Kaufman, individually and on behalf
 26 of Schwartz, Machete's Chop Shop and Overnight Productions, made these representations as part
 27 of a scheme to facilitate a \$2,000,000 bridge loan from Perpetual Media and arranged by 224
 28 Entertainment, which was conditioned on the IBCS surety bond being placed in escrow. However,

1 at the time Defendants made these representations, Defendants in fact had no intention of paying
2 224 Entertainment its compensation under the Agreement once the bridge financing was
3 confirmed.

4 45. Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and
5 Overnight Productions, made the representations to Gilardi and Parker with an intent to defraud 224
6 Entertainment, and for the purpose of inducing 224 Entertainment to rely upon them and on that
7 basis enter into the Agreement and perform the work of obtaining a surety and bridge financing for
8 *Machete*, and to devote considerable time and effort to obtaining a surety and bridge financing for
9 *Machete*.

10 46. Gilardi and Parker were unaware of the falsity of the above-described representations
11 and, given the professional reputation of Defendants as experienced film-makers and their assurances
12 to Gilardi and Parker that they would compensate 224 Entertainment for its services, Gilardi and
13 Parker, on behalf of 224 Entertainment, with justification acted in reliance upon the truth of the
14 representations by entering into the Agreement, performing the work of obtaining a surety and bridge
15 financing for *Machete*, and in refraining from pursuing or accepting alternative projects.

16 47. As a direct and proximate result of his reliance upon the truth of the representations,
17 224 Entertainment has suffered and continues to suffer damages in an amount to be proven at trial,
18 but is believed to be in excess of One Million Dollars (\$1,000,000). 224 Entertainment will seek
19 leave to amend this Complaint to allege the precise amount when same is ascertained.

20 48. The aforementioned acts of Defendants, and each of them, were done intentionally
21 or with a conscious disregard of the rights of 224 Entertainment, and with the intent to vex, injure,
22 or annoy 224 Entertainment such as to constitute oppression, fraud, or malice, and that such conduct
23 was authorized, ratified, and adopted by the officers, directors, and/or managing agents of
24 Defendants, and each of them. Thus, 224 Entertainment is entitled to exemplary and punitive
25 damages in an amount appropriate to punish or set an example of Defendants and to deter such
26 conduct by them and others in the future, according to proof at trial.

27 ///

28 ///

Exhibit C, Pg. 44

FOURTH CAUSE OF ACTION

(For Fraud [Negligent Misrepresentation] Against All Defendants)

49. Plaintiff repeats, realleges, adopts and incorporates each and every allegation contained in Paragraphs 1 through 28, inclusive, as though fully set forth herein.

50. 224 Entertainment is informed and believes and based thereon alleges that to the extent that the Court determines that Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, did not intentionally make the representations alleged in Paragraphs 41-44, Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, negligently and carelessly made the representations to Gilardi and Parker.

51. 224 Entertainment is informed and believes and based thereon alleges that the above representations were made by Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, without any reasonable ground for believing them to be true.

52. 224 Entertainment is informed and believes and based thereon alleges that each of the above representations were made by Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, with an intent to induce 224 Entertainment to rely thereon and did induce 224 Entertainment to enter into the Agreement, perform the work of obtaining a surety and bridge financing for *Machete*, and refrain from pursuing or accepting alternative projects.

53. At the time or times Kaufman, individually and on behalf of Schwartz, Machete's Chop Shop and Overnight Productions, made these representations, 224 Entertainment was ignorant of the falsity of the representations and reasonably and justifiably believed them to be true.

54. In reliance upon the representations, 224 Entertainment was induced to do, and did, the acts alleged herein including, but not limited to, entering into the Agreement, performing the work of obtaining a surety and bridge financing for *Machete*, and refraining from pursuing or accepting alternative projects.

55. 224 Entertainment's reliance upon the representations was justified and reasonable.

///

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Exhibit C, Pg. 45

56. As a direct, proximate and reasonably foreseeable result of the negligent misrepresentations, 224 Entertainment has suffered and continues to suffer damages in an amount to be proven at trial, but is believed to be in excess of One Million Dollars (\$1,000,000). 224 Entertainment will seek leave to amend this Complaint to allege the precise amount when same is ascertained.

WHEREFORE, Plaintiff prays for judgment against Defendants, and each of them, jointly and severally, as follows:

AS TO THE FIRST CAUSE OF ACTION:

1. For an award of general, special, and consequential damages against Defendants in an amount in excess of the jurisdictional limits of this Court, the exact amount subject to proof at the time of trial, said amount believed to be in excess of One Million Dollars (\$1,000,000);

AS TO THE SECOND CAUSE OF ACTION:

2. For an award of general, special, and consequential damages against Defendants in an amount in excess of the jurisdictional limits of this Court, the exact amount subject to proof at the time of trial, said amount believed to be in excess of One Million Dollars (\$1,000,000);

AS TO THE THIRD CAUSE OF ACTION:

3. For an award of general, special, and consequential damages against Defendants in an amount in excess of the jurisdictional limits of this Court, the exact amount subject to proof at the time of trial, said amount believed to be in excess of One Million Dollars (\$1,000,000);

4. For punitive damages pursuant to Civil Code § 3294 in an amount appropriate to punish or set an example of Defendants, and to deter such conduct in the future, the exact amount of such damages subject to proof at time of trial;

AS TO THE FOURTH CAUSE OF ACTION:

5. For an award of general, special, and consequential damages against Defendants in an amount in excess of the jurisdictional limits of this Court, the exact amount subject to proof at the time of trial, said amount believed to be in excess of One Million Dollars (\$1,000,000);

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Exhibit C, Pg. 46

1 AS TO ALL CAUSES OF ACTION:

2 1. For costs of suit herein;

3 2. For interest on the above-requested general, special and the maximum legal rate as
4 provided by law; and

5 3. For such other additional relief as the Court deems just and proper.

6
7 DATED: January 29, 2010

Respectfully submitted,

8 MARTIN D. SINGER
9 TODD S. EAGAN
10 LAVELY & SINGER
11 PROFESSIONAL CORPORATION

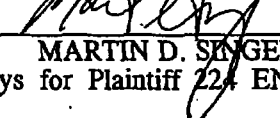
12 By: 
13 MARTIN D. SINGER
14 Attorneys for Plaintiff 22. ENTERTAINMENT,
15 LLC
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Exhibit C, Pg. 47

REQUEST FOR JURY TRIAL

Plaintiff 224 Entertainment, LLC hereby requests a trial by jury.

DATED: January 29, 2010

Respectfully submitted,

MARTIN D. SINGER
TODD S. EAGAN
LAVELY & SINGER
PROFESSIONAL CORPORATION

By: 

MARTIN D. SINGER

Attorneys for Plaintiff 224 ENTERTAINMENT,
LLC

Exhibit C, Pg. 48

Machete's Chop Shop, Inc.
110 Greene Street, Suite 402
New York, NY 10012

As of May 26, 2009

224 Entertainment, LLC
9454 Wilshire Blvd.
4th Floor
Beverly Hills, CA 90212

Re: "Machete" – Executive Producer

Dear Gentlemen,

This letter shall set forth the material terms of the agreement between 224 Entertainment, LLC ("you" or "your") on the one hand, and Machete's Chop Shop, Inc. ("we", "us" or "our"), on the other hand, with respect to the executive producing services of Jack Gilardi, Jr. ("Gilardi") and Darby Parker ("Parker") (individually "Producer" and collectively, "Producers") in connection with the motion picture currently titled "Machete" (the "Picture"). Subject to our receipt of this Agreement and the Inducement set forth below signed by each Producer, the parties hereby agree as follows:

1. Condition Precedents. Our obligations hereunder are subject in all respects to satisfaction of the following conditions precedent:

(a) Your and each Producer's signature and delivery of this Agreement and the Inducement Letter attached hereto, as applicable;

(b) Full compliance by each Producer with the IRCA requirements of Paragraph 16(e) of the STC;

(c) The issuance of a completion bond for the Picture, with an irrevocable commitment from the financiers of the Picture to provide the funds sufficient to meet the "strike price" under such completion bond; and

(d) Should a bridge financier identified by you or Producers not enter into an agreement with us to provide us with \$150,000 or more in bridge financing then the condition precedent of our receipt of the fully executed agreement between Tax Credit Finance, LLC or any other applicable financier ("Loan Provider"), and Edmund C. Scarborough ("Scarborough") and/or The IBCS Group, Inc. (the "Surety") (hereafter Scarborough and Surety collectively and severally referred to as "IBCS") relating to Scarborough's guaranty and Surety's surety bond covering repayment of Loan Provider's principal amount of financing, being utilized by us for the purpose of producing the Picture (the "Surety Bond Agreement") shall apply. However, to the extent that a bridge financier identified by you or Producers does enter into an agreement with us to provide us with \$150,000 or more in bridge financing then absolutely no condition precedent relating to any of Loan Provider, IBCS, Scarborough or the Surety Bond Agreement shall apply to this agreement. For the removal of all doubt the parties agree that bridge loan financier candidates identified by Producers include but are not limited to Michael Prozer, Elisa Salinas, Burt Ward and Gareth West.

2. Services. We hereby engage you to furnish us, and you hereby agree to furnish us the non-exclusive services of each Producer as an executive producer for the Picture, commencing on the date hereof and ending upon the completion of principal photography for the Picture. Producers shall render those services customarily rendered by executive producers in the motion picture industry.

3. Compensation.

(a) Fixed Compensation. Provided neither you nor Producers are in material breach or uncured default hereunder, we agree to pay and you agree to accept as full and complete consideration

for your and Producer's services hereunder and for all rights transferred by you and Producers to us hereunder, Five Hundred Two Thousand and Twenty-Five Dollars (\$502,025) (the "Fixed Compensation"), which shall be payable no later than the commencement of principal photography for the Picture (unless otherwise required by the bond company for the Picture), provided that in no event shall the Fixed Compensation be payable to you on a schedule less favorable than the payment schedule for the fixed compensation payable to any other executive producer for the Picture. The Fixed Compensation shall be pay or play upon satisfaction of the conditions precedent. It is further understood between the parties that the Fixed Compensation set forth in this paragraph shall be increased by an amount equal to three percent (3%) of one hundred percent (100%) of the aggregate bridge loan financing contracted between us and any of the bridge financiers identified by you or Producers (for example should a bridge financing party identified by you or Producers contract with us for a \$500,000 bridge loan then the Fixed Compensation due to you shall increase by the amount of \$15,000 to \$517,025).

(b) Contingent Compensation. Provided neither you nor Producers are in material breach or default hereunder, we agree to pay you Fifteen Percent (15%) of one hundred percent (100%) of "Company's Net Proceeds," ("Contingent Compensation") which shall be defined, calculated and accounted for on a favored nations basis with all other recipients of Company's Net Proceeds, if any.

(c) Collection Account. We acknowledge that prior to the completion of principal photography of the Picture, you and we will enter into a collection account management agreement (the "CAM") with a collection agent (the "Collection Agent") and the Collection Agent will directly account to you for your Contingent Compensation hereunder. Furthermore, you and Producers shall be permitted to be a party to the CAM and receive direct audit and accounting rights, provided that (i) you and Producers negotiate the CAM expeditiously in good faith; and (ii) in the event of a dispute amongst the parties, we shall have final approval over the terms of the CAM.

(d) Independent Contractor. You and Producers hereby acknowledge and agree that your services are being provided hereunder as an independent contractor, and accordingly, and pursuant to your request, we shall not withhold, report or pay so-called withholding taxes with respect to the compensation payable hereunder. So-called "withholding taxes" shall include, without limitation, federal and state income taxes, federal social security tax, and New York unemployment insurance tax, if applicable. Should we be subjected to any expense or liability by reason of such failure to withhold, report or pay such taxes (including, but not limited to, penalties, interest or attorney's fees), you and Producers agree that you and Producers will indemnify and hold us harmless therefrom. Accordingly, you and Producers shall, upon our demand, promptly reimburse us for all such expenses.

4. Credit. Provided neither you nor Producers are in material breach or uncured default hereunder and we produce the Picture, we shall accord you the following credits in connection with the Picture:

(a) Individual Credits. We shall accord each Producer an individual executive producer credits (a) in the main titles (whether such main titles appear at the beginning or end of the Picture), on all copies of the Picture, on a separate card shared only with each other in the order of Gilardi then Parker, in a size equal to or greater than the on screen credit accorded to any other individual executive producer for the Picture; (ii) in the billing block portion of any DVD and other home video or soundtrack albums and the covers, packages, container and/or jackets thereof in which any other individual is accorded credit; (iii) in the billing block of any paid advertisements for the Picture, wherever any other individual receives credit therein, in a size equal to or greater than the size of any other executive producer credit appearing therein; and (iv) in the billing block of any excluded advertisements wherever any other executive producer receives credit therein (except congratulatory, nomination and award ads mentioning only the subject honoree), in a size equal to or greater than the size of any other executive producer credit appearing therein, in first and second position among all executive producers.

(b) Production Company Credit. You shall receive an "in association with" production company credit (i) on all copies of the Picture, on a shared card with other "in association with" credits, if any, otherwise on a separate card, in the main titles; (ii) in the billing block portion of any DVD and other home video or soundtrack albums and the covers, packages, containers and/or jackets thereof in which any other production company credit or "in association with" credit appears; (iii) in the billing block of all paid advertisements for the Picture, wherever any other "in associate with" credit appears, in a size equal to or greater than the size of any other "in association with" credit or production company credit appearing

therein; and (iv) in the billing block of any excluded advertisements wherever any other "in association with" credit or production company credit appears therein (except congratulatory, nomination and award ads mentioning only the subject honoree), in a size equal to or greater than the "in association with" credit or production company credit accorded to any other production company therein.

(c) General: As used herein, "size" shall mean height, width, thickness and duration where applicable; and references to the "main titles" are to the series of credits, whether before or after the body of the Picture, where the "directed by" (as opposed to the "film by") credit appears. All paid advertising credits shall be subject to the limitations set forth herein and to each distributor's customary exclusions and exceptions, and shall not be applicable with respect to award, nomination or congratulatory ads mentioning only the specific honorees or recipients and ads announcing a personal appearance. All other characteristics of and matters with respect to credits shall be within our sole discretion. No casual or inadvertent failure by us or any distributor of the Picture to comply with the provisions of this Paragraph 4 shall constitute a breach of this Agreement. In the event of any failure by us to comply with the foregoing credit provisions, and upon written notice from you thereof, we shall use meaningful efforts to prospectively cure any such failure which is economically practicable to cure. We shall contractually oblige our North American distributor of the Picture to comply with the foregoing credit obligations and use reasonable efforts to contractually obligate all other remaining licensees to comply with the foregoing credit obligations.

5. Travel/Accommodations/Expenses: Provided that neither you or Producers are in uncured material breach of this Agreement, we agree to furnish each Producer with the following production perquisites during the principal photography of the Picture, on an if used basis: (a) one (1) first class (or best available) round-trip air transportation between each of Producer's primary city of residence and Austin, Texas; (b) reasonable individual accommodations in Austin Texas; (c) ground transportation; (d) a reasonable per diem; (e) a rental car if provided to other producers; (f) a non-exclusive office, which may be shared with each other and other producers; and (g) trailer facilities, which may be shared with each other and other producers. In the event any other producer is provided with more favorable production perquisites than the perquisites set forth in this Paragraph 5 (other than with regard to number of trips to Austin, Texas), then Producers shall receive the benefit of such more favorable perquisites.

6. Approvals: Provided you and Producers are not in uncured material default hereunder, you shall have a right to approve of any foreign market sales of the Picture which are less than the estimated "take" prices issued by the sales agent until such time, if ever, that the sales for the Picture are sufficient to recoup any monies due to Loan Provider relating to the Surety Bond Agreement, if applicable, it being understood that: (a) there are several other production lenders loaning money in connection with the Picture (collectively the "Senior Lenders"); (b) Senior Lenders have first priority security interests ahead of Loan Provider; (c) Senior Lenders have a right to approve the foregoing sales of the Picture; and (d) until such time as Senior Lenders have been full and indefeasibly repaid, you hereby waive your right of approval as set forth herein. We shall meaningfully consult with you on all other distribution and business elements (e.g. budget, pre-production/production/post-production schedules, ad campaigns and release pattern, distributors, sales agents and distribution agreements) in connection with the Picture; provided that in the event of a disagreement following good faith conversations, our decision shall control.

7. Rights. You hereby agree that all of the results and proceeds of your and Producers services hereunder, including without limitation any materials created by you and/or Producers in connection with the Picture (collectively the "Work") shall be prepared within the scope of your and Producer's employment by us and shall be a "work made for hire" for us as specially commissioned for use as a part of a motion picture in accordance with the U.S. Copyright Act. You and Producers shall execute the Certificate of Results and Proceeds attached hereto as Exhibits "A" and "B" simultaneously with the execution of this Agreement.

8. Insurance and Indemnity. We shall add you and Producers as additional insureds on our Errors and Omissions Insurance and general liability insurance policies with respect to the Picture, subject to the limitations, restrictions and terms of said policies.

9. Premieres. Each of Producers (and a non-business related companion each) shall be invited to attend each United States "celebrity" premiere, if any, of the Picture, any previews or any screenings of the Picture as well as any "A" list film festivals (i.e., Toronto, Sundance, Berlin, Cannes and Venice) in which

the Picture is screened in competition, on a most favored nations basis as between each of Producers and (excluding Robert Rodriguez and Elizabeth Avellan) our designated producers and any other individual producer rendering services on the Picture. We shall use reasonable efforts to cause the domestic distributor of the Picture to provide Producers' and their non-business related companions with reasonable transportation, accommodations and expenses for Producers only in connection with such premiere and any applicable film festivals on a most favored nations basis as between each of Producers and (excluding Robert Rodriguez and Elizabeth Avellan) our designated producers and any other individual producer rendering services on the Picture; it being understood that no failure by the domestic distributor to provide such transportation, accommodations and per diems shall be a breach of this Agreement.

10. DVD. Each of Producers shall be provided with a DVD copy (plus Blu-Ray if available) and a one-sheet of the Picture at no charge to you or Producers, if and when such DVD copies and one-sheets become commercially available, for you and Producers' own personal, non-commercial use.

11. Warranties and Indemnities.

(a) You and Producers represent that the results and proceeds of your services: (A) are and will be original with you, as applicable, will not be copied in whole or in part from any other work (except such materials as may have been furnished to you by us or that which is in the public domain); (B) that the use of the results and proceeds of your and Producers services by us, or our successors, licensees and assigns in connection with the Picture or in any other way will not infringe upon or violate any copyright; and (C) to the best of your and Producers' knowledge, shall not constitute defamation of, or infringe upon or violate the right of privacy of any common law rights or trademark rights or other rights of any party. In addition, you and Producers represent that neither you nor Producers have made any promises or any commitments to any third party relating to the Picture or the material upon which it is based.

(b) You and Producers shall indemnify and hold harmless us, our parents, subsidiaries, successors, licensees and assigns and any of their respective agents, employees or representatives against any and all liability, damages, costs and expenses, including, without limitation, reasonable outside attorneys' fees and costs, in connection with any third party claim or action arising out of the breach of any of your representations, warranties, agreements, undertakings or certifications herein. Solely with respect to non-copyright related and non-trademark related claims, the representation stated in this Paragraph 11(b) is made to the best of your and Producers knowledge, including that which you and Producers should have known in the exercise of reasonable prudence.

(c) We shall indemnify and hold you and Producers harmless against any and all liability, damages, costs and expenses, including, without limitation, reasonable outside attorneys' fees and costs incurred by you and Producers and your and Producers' respective parents, subsidiaries, successors, licensees and assigns and any of their respective agents, employees or representatives as a result of any third party claim or action (other than those arising out of (i) a breach of your and Producers representations, warranties, agreements, undertakings or certifications hereunder, and/or (ii) any criminal act, gross negligence, or willful or reckless misconduct of you and/or Producers; and/or (iii) any breach of any contract by you and/or Producers) arising from our breach of any representation, warranty, undertaking, agreement or certification by us hereunder or our development, production, distribution or exploitation of the Picture (including the exploitation of ancillary rights therein).

12. Miscellaneous.

(a) Publicity. Neither you nor Producers shall participate directly or indirectly in the dissemination of information concerning us (or any of our officers or employees) or the Picture to individuals or media entities without our prior written consent, other than customary, incidental non-derogatory personal references relating to your employment hereunder, provided that, you and Producers may issue personal publicity relating to you and Producers that incidentally makes non-derogatory reference to us and the Picture and your and Producers engagement in connection therewith. We will exercise reasonable good faith efforts to ensure that: (i) your name and Producers' names are included in the initial press announcements relating to the Picture and in subsequent press announcements issued directly by us or our publicists; and (ii) your name and company biography and Producers' names and individual biographies, as provided to us by you and Producers, are included in both the international and

domestic press kits created and issued relating to the Picture; it being understood that no failure by us to comply with the provisions of this Paragraph 12(a) shall be a breach of this Agreement.

(b) Remedies. You and Producers acknowledge that in the event of any breach hereunder, you and Producers will be limited to a remedy at law for damages, if any, and neither you nor Producers shall have the right and hereby expressly waive any right you may have to terminate or rescind this Agreement or to restrain, enjoin or otherwise impair the production, distribution, advertising, publicizing or exploitation of the Picture or any rights therein.

(c) Remedies Cumulative. Except as may be expressly provided to the contrary herein. The parties' various rights and remedies hereunder shall be cumulative and the exercise or enforcement of any one or more of them shall not preclude the enforcing party from exercising or enforcing any of the others or any other right or remedy provided for by law.

(d) Binding Effect. This agreement and all rights and obligations hereunder, shall be binding on and inure to the benefit of the parties hereto and their respective heirs, successors, licensees and assigns.

(e) Counterparts. This agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this agreement via facsimile transmission shall be effective as delivery of manually executed counterpart of this agreement.

(f) Assignment. You and Producers agree that our rights with respect to the Work and/or your services may be freely assigned and licensed and in the event of such assignment or license, this Agreement shall remain binding upon you and inure to the benefit of any such assignee or licensee. In the event of any assignment to any company(ies) related or subsidiary to or affiliated with a "major" or "mini-major" motion picture company or television network (as such terms are commonly understood in the entertainment industry), and provided such company assumes in writing our executory obligations with respect to the rights assigned, such assignment shall constitute a novation and we shall have no further obligations or liabilities hereunder. In the event of any other assignment by us, we shall remain secondarily liable to you hereunder.

(g) Notices. Notices hereunder shall be in writing. Any notices and payments hereunder shall be given by personal delivery via reputable overnight courier, by pre-paid mailing or facsimile transmission (with a confirmation copy sent by regular mail). Unless otherwise specified herein, (i) the date of personal delivery or facsimile of such notice or payment, (ii) one (1) business day after deposit with an overnight courier of such notice or payment, or (iii) three (3) business days after the deposit by mail, shall be deemed the date of service of such notice or payment. The names and addresses below concerning notice to all parties hereto shall also be deemed to be the place where payments required under this agreement shall be sent:

To us:

Machete's Chop Shop, Inc.
15 Mercer Street, Suite 4
New York, NY 10013
Attn: Aaron Kaufman
Fax: (212) 625-0533

With a courtesy copy to:

Schreck Rose Dapello Adams & Hurwitz LLP
1790 Broadway - 20th Floor
New York, New York 10019
Attn: Andrew P. Hurwitz, Esq. &
Alan D. Sacks, Esq.
Fax: (212) 832-2969

To you:

224 Entertainment, LLC
C/o ICM
10250 Constellation Blvd.
Los Angeles, CA 90067

Attn: Jack Gilardi, Sr.
Fax: (310) 248-4613

With a courtesy (facsimile only) copy to:

1025 Riverland Woods Place, Ste. 521
Charleston, SC 29412
Attn: Darby Parker
Fax: (323) 446-7666

(h) Subsequent Productions. In the event that we (or our licensee, designee, assignee, affiliate (including, without limitation, Weekend (defined below) or Overnight (defined below) or successor-in-interest with respect to the Picture) acquire any derivative and/or subsequent production rights based on the Picture and initiate any such derivative and/or subsequent production (and provided that (i) neither you, Gilardi nor Parker are in material breach or uncured default hereunder or (ii) Gilardi and Parker are not then executives of so-called "major," mini-major" or "major independent" motion picture production and/or distribution and/or exhibition companies), you, Gilardi and Parker shall have the right of first negotiation, for a period of 30 business days from the date of your receipt of notice by us, to be engaged as executive producers on the first of any and all such derivative and/or subsequent productions, in any and all media (provided that if such derivative and/or subsequent production is intended for a network television series, your, Gilardi's and Parker's engagements would be subject to network approval), which rights shall be on a rolling basis, and, if such derivative and/or subsequent production has a budget anticipated to be equal to or greater than the budget of the Picture, on all financial terms and conditions which are no less favorable than those set forth in this Agreement, but in any case the fixed compensation, contingent compensation and contingent deferment, respectively, payable to you for such derivative and/or subsequent production shall be equal to no less than the relative proportional amount as your fixed compensation, contingent compensation and contingent deferment, if any, on the Picture bears to the fixed compensation, contingent compensation and contingent deferment, if any, respectively, paid to, in the aggregate, Overnight Productions, LLC ("Overnight"), Weekend, LLC ("Weekend"), Aaron Kaufman ("Kaufman"), and Rick Schwartz ("Schwartz," collectively, the "Owner Parties") (and/or Kaufman's, Schwartz's, Weekend's and Overnight's respective loan out company or companies, trusts, respective parents, affiliates, subsidiaries or successors), for services rendered in connection with the Picture. In addition, your fixed compensation will be paid on a no less favorable schedule than set forth herein, and your contingent compensation and contingent deferment will be defined, calculated and paid on the same basis as the Owner Parties' contingent compensation and contingent deferment, respectively.

(i) Further Instruments/Choice of Law. The parties hereto agree to expeditiously execute, acknowledge and deliver to each other any and all additional documents or instruments that any party requests to fully effectuate and carry out the intent and purposes of this agreement. This agreement is entered into in the State of New York, shall be governed by the laws of such state, and any disputes arising hereunder shall be adjudicated in the courts of such state. If any legal action, arbitration or other proceeding is brought for the enforcement of this agreement, or because of any dispute, alleged breach, default or misrepresentation in connection with this agreement, the successful or prevailing party shall be entitled to recover reasonable outside attorneys' fees and other costs that it incurred in that action, arbitration or other proceeding, in addition to any other relief to which it may be entitled.

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[SIGNATURES ON THE NEXT PAGE]

By signing in the spaces below, you and we accept and agree to all of the terms and conditions of this Agreement.

Sincerely,

MACHETE'S CHOP SHOP, INC.

By: 
An Authorized Signatory

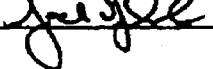
Accepted and Agreed

224 ENTERTAINMENT, LLC

By: 
An Authorized Signatory

I, Jack Gilardi, Jr. have read and am familiar with all the terms of the foregoing agreement between Machete's Chop Shop, Inc. ("Company") and 224 Entertainment, LLC ("Lender") and, in order to induce Company to enter into said agreement, I consent to the execution thereof, ratify and confirm in my individual capacity all representations, warranties and agreements of Lender contained herein, agree to be bound by the terms and conditions thereof and agree that I shall render all services and grant all rights as are necessary to enable Lender to comply with its obligations under said agreement. I agree to look solely to Lender for full payment of any amounts due for all rights granted and services performed thereunder. In the event of any breach or default by Lender, I agree that without prior notice to me or Lender, Company may proceed against me as if I were a party thereto and I shall be primarily, jointly and severally liable with Lender thereunder. For purposes of any and all Worker's Compensation statutes, laws, or regulations ("Worker's Compensation"), I acknowledge that an employment relationship exists between Company and myself, Company being my special employer under the agreement. Accordingly, I acknowledge that in the event of my injury, illness, disability, or death falling within the purview of Worker's Compensation, my rights and remedies (and those of my heirs, executors, administrators, successors, and assigns) against Company or Company's affiliated companies and their respective officers, agents, and employees (including, without limitation, any other special employee and any corporation or other entity furnishing to Company or an affiliate company the services of any other special employee) shall be governed by and limited to those provided and/or permitted by Worker's Compensation.

Name: Jack Gilardi, Jr.

Signature: 

I, Darby Parker have read and am familiar with all the terms of the foregoing agreement between Machete's Chop Shop, Inc. ("Company") and 224 Entertainment, LLC ("Lender") and, in order to induce Company to enter into said agreement, I consent to the execution thereof, ratify and confirm in my individual capacity all representations, warranties and agreements of Lender contained herein, agree to be bound by the terms and conditions thereof and agree that I shall render all services and grant all rights as are necessary to enable Lender to comply with its obligations under said agreement. I agree to look solely to Lender for full payment of any amounts due for all rights granted and services performed thereunder. In the event of any breach or default by Lender, I agree that without prior notice to me or Lender, Company may proceed against me as if I were a party thereto and I shall be primarily, jointly and severally liable with Lender thereunder. For purposes of any and all Worker's Compensation statutes, laws, or regulations ("Worker's Compensation"), I acknowledge that an employment relationship exists between Company and myself, Company being my special employer under the agreement. Accordingly, I acknowledge that in the event of my injury, illness, disability, or death falling within the purview of Worker's Compensation, my rights and remedies (and those of my heirs, executors, administrators, successors, and assigns) against Company or Company's affiliated companies and their respective officers, agents, and employees (including, without limitation, any other special employee and any corporation or other entity furnishing to Company or an affiliate company the services of any other special employee) shall be governed by and limited to those provided and/or permitted by Worker's Compensation.

Name: Darby Parker

Signature: 

Exhibit A

**CERTIFICATE OF OWNERSHIP OF RESULTS AND PROCEEDS
(the "Certificate")**

PICTURE: "Machete" (the "Picture")
LENDER: 224 Entertainment, LLC ("Lender")
PRODUCER: Jack Gilardi, Jr.

The undersigned ("Producer") hereby agrees and certifies that in connection with the agreement between Lender and Machete's Chop Shop, Inc. ("Company") dated as of May 26, 2009 (the "Agreement"):

- (i) For good and valuable consideration, the receipt of which is hereby acknowledged, all results and proceeds of the services of Lender and Producer in connection with the Picture (hereinafter, the "Work") constitute, within the meaning of the copyright laws of the United States, a "work made for hire" for Company prepared within the scope of Lender and Producer's employment and/or as a work specially ordered or commissioned for use as a part of a motion-picture or other audio-visual work and, as between Company, Lender and Producer, Company owns all right, title and interest in and to the Work and the Picture exclusively, in perpetuity, in all media, and throughout the universe for all purposes, including, without limitation, any rights arising under the copyright laws of the United States of America or any other jurisdiction. The payments made by Company or its assignees under the Agreement are deemed to include sufficient remuneration for all so-called rental and lending rights pursuant to any directive, enabling or implementing legislation, laws and regulations enacted by any nation throughout the world, including the member nations of the European Union. Lender and Producer hereby waive all rights of "Droit Moral" or "Moral Rights of Authors" or any similar rights or principles of law which Lender and/or Producer may now or later have in the Work;
- (ii) Without limiting the generality of the foregoing, insofar as the undersigned may possess any right, title and interest in and to the Work, the undersigned hereby irrevocably assigns any and all such right, title and interest to Company. Lender and Producer shall, at the request of Company, execute and deliver to Company such assignments or other instruments, consistent with the terms hereof and under the Agreement, as Company may deem reasonably necessary to establish, protect, enforce and/or defend any or all of Company's rights in the Work or under this Agreement. If Lender and/or Producer shall not so execute and deliver any such instrument after reasonable notice, Company shall have the right to do so in the undersigned's name, place and stead, and Company is hereby irrevocably appointed Lender and Producer's attorney-in-fact for such purposes, which power is coupled with an interest. If Company signs any documents as Lender and Producer's attorney-in-fact, Company will promptly provide Lender with copies of any such documents; it being understood that no failure by Company to do so shall be a breach of this Certificate or the Agreement;
- (iii) Company shall have the right, throughout the universe, in perpetuity, and in part and in all media, to use and reproduce, and to license others to use and reproduce Producer's name, approved likeness and approved biography in connection with the production, exhibition, advertising, promotion, and/or other exploitation of the Picture, and/or the services of any distributor of the Picture, and/or subsidiary and ancillary rights of any nature relating thereto and/or Lender and Producer's services hereunder, in any and all media, whether now known or hereafter devised, (including, without limitation, in connection with interviews, features, promotional films, and so-call "behind the scenes" programming) and provided that neither Lender nor Producer will be represented as directly or indirectly endorsing any product other than the Picture. Company shall not authorize use of direct endorsements by Producer of any product (other than the Picture) without Producer's prior written consent (not to be unreasonably withheld). The use of any materials from the Picture in conjunction with the advertising of any services or products shall not be considered an endorsement;
- (iv) Lender and Producer acknowledge that: (i) in the event of any breach hereunder, or any breach of the Agreement, by Company, Lender and Producer will be limited to a remedy at law for

damages, if any, and neither Lender nor Producer will have the right, and each hereby expressly waives any right Lender and/or Producer may have to terminate or rescind this Certificate or the Agreement or to restrain, enjoin or otherwise impair the production, distribution, advertising, publicizing or exploitation of the Picture or any rights therein; (ii) nothing herein shall obligate Company to use Lender and/or Producer's services or the results or proceeds thereof in the Picture or to produce, advertise or distribute the Picture; and (iii) this Certificate shall be governed by the laws of the State of New York applicable to agreements executed and to be performed entirely therein; and

- (v) Lender and Producer agree that Company's rights with respect to the Work and/or Lender and Producer's services may be freely assigned and licensed and in the event of such assignment or license, this Certificate shall remain binding upon Lender and Producer and inure to the benefit of any such assignee or licensee. In the event of any assignment to any company(ies) related or subsidiary to or affiliated with a "major" or "mini-major" motion picture company or U.S. television network (as such terms are commonly understood in the entertainment industry), and provided such company assumes in writing the executory obligations of the Company with respect to the rights assigned, such assignment shall constitute a novation and Company shall have no further obligations or liabilities hereunder. In the event of any other assignment by Company, Company shall remain secondarily liable to Lender and Producer hereunder and under the Agreement.

IN WITNESS WHEREOF, this document was executed as of 07/29/09.

224 Entertainment, LLC ("Lender")

By: 

Its: Jack Gillardi, Jr., Member


Jack Gillardi, Jr. ("Producer")

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Exhibit B

**CERTIFICATE OF OWNERSHIP OF RESULTS AND PROCEEDS
(the "Certificate")**

PICTURE: "Machete" (the "Picture")
LENDER: 224 Entertainment, LLC ("Lender")
PRODUCER: Darby Parker

The undersigned ("Producer") hereby agrees and certifies that in connection with the agreement between Lender and Machete's Chop Shop, Inc. ("Company") dated as of May 26, 2009 (the "Agreement"):

- (i) For good and valuable consideration, the receipt of which is hereby acknowledged, all results and proceeds of the services of Lender and Producer in connection with the Picture (hereinafter, the "Work") constitute, within the meaning of the copyright laws of the United States, a "work made for hire" for Company prepared within the scope of Lender and Producer's employment and/or as a work specially ordered or commissioned for use as a part of a motion-picture or other audio-visual work and, as between Company, Lender and Producer, Company owns all right, title and interest in and to the Work and the Picture exclusively, in perpetuity, in all media, and throughout the universe for all purposes, including, without limitation, any rights arising under the copyright laws of the United States of America or any other jurisdiction. The payments made by Company or its assignees under the Agreement are deemed to include sufficient remuneration for all so-called rental and lending rights pursuant to any directive, enabling or implementing legislation, laws and regulations enacted by any nation throughout the world, including the member nations of the European Union. Lender and Producer hereby waive all rights of "Droit Moral" or "Moral Rights of Authors" or any similar rights or principles of law which Lender and/or Producer may now or later have in the Work;
- (ii) Without limiting the generality of the foregoing, insofar as the undersigned may possess any right, title and interest in and to the Work, the undersigned hereby irrevocably assigns any and all such right, title and interest to Company. Lender and Producer shall, at the request of Company, execute and deliver to Company such assignments or other instruments, consistent with the terms hereof and under the Agreement, as Company may deem reasonably necessary to establish, protect, enforce and/or defend any or all of Company's rights in the Work or under this Agreement. If Lender and/or Producer shall not so execute and deliver any such instrument after reasonable notice, Company shall have the right to do so in the undersigned's name, place and stead, and Company is hereby irrevocably appointed Lender and Producer's attorney-in-fact for such purposes, which power is coupled with an interest. If Company signs any documents as Lender and Producer's attorney-in-fact, Company will promptly provide Lender with copies of any such documents; it being understood that no failure by Company to do so shall be a breach of this Certificate or the Agreement;
- (iii) Company shall have the right, throughout the universe, in perpetuity, and in part and in all media, to use and reproduce, and to license others to use and reproduce Producer's name, approved likeness and approved biography in connection with the production, exhibition, advertising, promotion, and/or other exploitation of the Picture, and/or the services of any distributor of the Picture, and/or subsidiary and ancillary rights of any nature relating thereto and/or Lender and Producer's services hereunder, in any and all media, whether now known or hereafter devised, (including, without limitation, in connection with interviews, features, promotional films, and so-called "behind the scenes" programming) and provided that neither Lender nor Producer will be represented as directly or indirectly endorsing any product other than the Picture. Company shall not authorize use of direct endorsements by Producer of any product (other than the Picture) without Producer's prior written consent (not to be unreasonably withheld). The use of any materials from the Picture in conjunction with the advertising of any services or products shall not be considered an endorsement;
- (iv) Lender and Producer acknowledge that: (i) in the event of any breach hereunder, or any breach of the Agreement, by Company, Lender and Producer will be limited to a remedy at law for

damages, if any, and neither Lender nor Producer will have the right, and each hereby expressly waives any right Lender and/or Producer may have to terminate or rescind this Certificate or the Agreement or to restrain, enjoin or otherwise impair the production, distribution, advertising, publicizing or exploitation of the Picture or any rights therein; (ii) nothing herein shall obligate Company to use Lender and/or Producer's services or the results or proceeds thereof in the Picture or to produce, advertise or distribute the Picture; and (iii) this Certificate shall be governed by the laws of the State of New York applicable to agreements executed and to be performed entirely therein; and

- (v) Lender and Producer agree that Company's rights with respect to the Work and/or Lender and Producer's services may be freely assigned and licensed and in the event of such assignment or license, this Certificate shall remain binding upon Lender and Producer and inure to the benefit of any such assignee or licensee. In the event of any assignment to any company(ies) related or subsidiary to or affiliated with a "major" or "mini-major" motion picture company or U.S. television network (as such terms are commonly understood in the entertainment industry), and provided such company assumes in writing the executory obligations of the Company with respect to the rights assigned, such assignment shall constitute a novation and Company shall have no further obligations or liabilities hereunder. In the event of any other assignment by Company, Company shall remain secondarily liable to Lender and Producer hereunder and under the Agreement.

IN WITNESS WHEREOF, this document was executed as of 07/29/09.

224 Entertainment, LLC ("Lender")

By: 

Its: Darby Parker, Member


Darby Parker ("Producer")

Machete's Chop Shop, Inc.
110 Greene Street, Suite 402
New York, NY 10012

As of July 28, 2009

224 Entertainment, LLC
9454 Wilshire Blvd.
4th Floor
Beverly Hills, CA 90212

Re: "Machete" – Executive Producer

Dear Gentlemen,

This letter shall set forth the material terms of the agreement between 224 Entertainment, LLC ("you" or "your") on the one hand, and Machete's Chop Shop, Inc. ("we", "us" or "our"), on the other hand, with respect to the executive producing services of Jack Gilardi, Jr. ("Gilardi") and Darby Parker ("Parker") (individually "Producer" and collectively, "Producers") in connection with the motion picture currently titled "Machete" (the "Picture"). Subject to our receipt of this Agreement and the Inducement set forth below signed by each Producer, the parties hereby agree as follows:

1. Condition Precedents. Our obligations hereunder are subject in all respects to satisfaction of the following conditions precedent:

(a) Your and each Producer's signature and delivery of this Agreement and the Inducement Letter attached hereto, as applicable;

(b) Full compliance by each Producer with the IRCA requirements of Paragraph 16(e) of the STC;

(c) The issuance of a completion bond for the Picture, with an irrevocable commitment from the financiers of the Picture to provide the funds sufficient to meet the "strike price" under such completion bond; and

(d) Should a bridge financier identified by you or Producers not enter into an agreement with us to provide us with \$150,000 or more in bridge financing then the condition precedent of our receipt of the fully executed agreement between Tax Credit Finance, LLC or any other applicable financier ("Loan Provider"), and Edmund C. Scarborough ("Scarborough") and/or The IBCS Group, Inc. (the "Surety") (hereafter Scarborough and Surety collectively and severally referred to as "IBCS") relating to Scarborough's guaranty and Surety's surety bond covering repayment of Loan Provider's principal amount of financing, being utilized by us for the purpose of producing the Picture (the "Surety Bond Agreement") shall apply. However, to the extent that a bridge financier identified by you or Producers does enter into an agreement with us to provide us with \$150,000 or more in bridge financing then absolutely no condition precedent relating to any of Loan Provider, IBCS, Scarborough or the Surety Bond Agreement shall apply to this agreement. For the removal of all doubt the parties agree that bridge loan financier candidates identified by Producers include but are not limited to Michael Prozer, Elisa Salinas, Burt Ward and Gareth West.

2. Services. We hereby engage you to furnish us, and you hereby agree to furnish us the non-exclusive services of each Producer as an executive producer for the Picture, commencing on the date hereof and ending upon the completion of principal photography for the Picture. Producers shall render those services customarily rendered by executive producers in the motion picture industry.

3. Compensation.

(a) Fixed Compensation. Provided neither you nor Producers are in material breach or uncured default hereunder, we agree to pay and you agree to accept as full and complete consideration

for your and Producer's services hereunder and for all rights transferred by you and Producers to us hereunder, Five Hundred Two Thousand and Twenty-Five Dollars (\$502,025) (the "Fixed Compensation"), which shall be payable no later than the commencement of principal photography for the Picture (unless otherwise required by the bond company for the Picture), provided that in no event shall the Fixed Compensation be payable to you on a schedule less favorable than the payment schedule for the fixed compensation payable to any other executive producer for the Picture. The Fixed Compensation shall be pay or play upon satisfaction of the conditions precedent.

(b) Contingent Compensation. Provided neither you nor Producers are in material breach or default hereunder, we agree to pay you Fifteen Percent (15%) of one hundred percent (100%) of "Company's Net Proceeds," ("Contingent Compensation") which shall be defined, calculated and accounted for on a favored nations basis with all other recipients of Company's Net Proceeds, if any.

(c) Collection Account. We acknowledge that prior to the completion of principal photography of the Picture, you and we will enter into a collection account management agreement (the "CAM") with a collection agent (the "Collection Agent") and the Collection Agent will directly account to you for your Contingent Compensation hereunder. Furthermore, you and Producers shall be permitted to be a party to the CAM and receive direct audit and accounting rights, provided that (i) you and Producers negotiate the CAM expeditiously in good faith; and (ii) in the event of a dispute amongst the parties, we shall have final approval over the terms of the CAM.

(d) Independent Contractor. You and Producers hereby acknowledge and agree that your services are being provided hereunder as an independent contractor, and accordingly, and pursuant to your request, we shall not withhold, report or pay so-called withholding taxes with respect to the compensation payable hereunder. So-called "withholding taxes" shall include, without limitation, federal and state income taxes, federal social security tax, and New York unemployment insurance tax, if applicable. Should we be subjected to any expense or liability by reason of such failure to withhold, report or pay such taxes (including, but not limited to, penalties, interest or attorney's fees), you and Producers agree that you and Producers will indemnify and hold us harmless therefrom. Accordingly, you and Producers shall, upon our demand, promptly reimburse us for all such expenses.

4. Credit. Provided neither you nor Producers are in material breach or uncured default hereunder and we produce the Picture, we shall accord you the following credits in connection with the Picture:

(a) Individual Credits. We shall accord each Producer an individual executive producer credits (a) in the main titles (whether such main titles appear at the beginning or end of the Picture), on all copies of the Picture, on a separate card shared only with each other in the order of Gilardi then Parker, in a size equal to or greater than the on screen credit accorded to any other individual executive producer for the Picture; (ii) in the billing block portion of any DVD and other home video or soundtrack albums and the covers, packages, container and/or jackets thereof in which any other individual is accorded credit; (iii) in the billing block of any paid advertisements for the Picture, wherever any other individual receives credit therein, in a size equal to or greater than the size of any other executive producer credit appearing therein; and (iv) in the billing block of any excluded advertisements wherever any other executive producer receives credit therein (except congratulatory, nomination and award ads mentioning only the subject honoree), in a size equal to or greater than the size of any other executive producer credit appearing therein, in first and second position among all executive producers.

(b) Production Company Credit. You shall receive an "in association with" production company credit (i) on all copies of the Picture, on a shared card with other "in association with" credits, if any, otherwise on a separate card, in the main titles; (ii) in the billing block portion of any DVD and other home video or soundtrack albums and the covers, packages, containers and/or jackets thereof in which any other production company credit or "in association with" credit appears; (iii) in the billing block of all paid advertisements for the Picture, wherever any other "in associate with" credit appears, in a size equal to or greater than the size of any other "in association with" credit or production company credit appearing therein; and (iv) in the billing block of any excluded advertisements wherever any other "in association with" credit or production company credit appears therein (except congratulatory, nomination and award ads mentioning only the subject honoree), in a size equal to or greater than the "in association with" credit or production company credit accorded to any other production company therein.

(c) General: As used herein, "size" shall mean height, width, thickness and duration where applicable; and references to the "main titles" are to the series of credits, whether before or after the body of the Picture, where the "directed by" (as opposed to the "film by") credit appears. All paid advertising credits shall be subject to the limitations set forth herein and to each distributor's customary exclusions and exceptions, and shall not be applicable with respect to award, nomination or congratulatory ads mentioning only the specific honorees or recipients and ads announcing a personal appearance. All other characteristics of and matters with respect to credits shall be within our sole discretion. No casual or inadvertent failure by us or any distributor of the Picture to comply with the provisions of this Paragraph 4 shall constitute a breach of this Agreement. In the event of any failure by us to comply with the foregoing credit provisions, and upon written notice from you thereof, we shall use meaningful efforts to prospectively cure any such failure which is economically practicable to cure. We shall contractually oblige our North American distributor of the Picture to comply with the foregoing credit obligations and use reasonable efforts to contractually obligate all other remaining licensees to comply with the foregoing credit obligations.

5. Travel/Accommodations/Expenses: Provided that neither you or Producers are in uncured material breach of this Agreement, we agree to furnish each Producer with the following production perquisites during the principal photography of the Picture, on an if used basis: (a) one (1) first class (or best available) round-trip air transportation between each of Producer's primary city of residence and Austin, Texas; (b) reasonable individual accommodations in Austin Texas; (c) ground transportation; (d) a reasonable per diem; (e) a rental car if provided to other producers; (f) a non-exclusive office, which may be shared with each other and other producers; and (g) trailer facilities, which may be shared with each other and other producers. In the event any other producer is provided with more favorable production perquisites than the perquisites set forth in this Paragraph 5 (other than with regard to number of trips to Austin, Texas), then Producers shall receive the benefit of such more favorable perquisites.

6. Approvals: Provided you and Producers are not in uncured material default hereunder, you shall have a right to approve of any foreign market sales of the Picture which are less than the estimated "take" prices issued by the sales agent until such time, if ever, that the sales for the Picture are sufficient to recoup any monies due to Loan Provider relating to the Surety Bond Agreement, if applicable, it being understood that: (a) there are several other production lenders loaning money in connection with the Picture (collectively the "Senior Lenders"); (b) Senior Lenders have first priority security interests ahead of Loan Provider; (c) Senior Lenders have a right to approve the foregoing sales of the Picture; and (d) until such time as Senior Lenders have been full and indefeasibly repaid, you hereby waive your right of approval as set forth herein. We shall meaningfully consult with you on all other distribution and business elements (e.g. budget, pre-production/production/post-production schedules, ad campaigns and release pattern, distributors, sales agents and distribution agreements) in connection with the Picture; provided that in the event of a disagreement following good faith conversations, our decision shall control.

7. Rights. You hereby agree that all of the results and proceeds of your and Producers services hereunder, including without limitation any materials created by you and/or Producers in connection with the Picture (collectively the "Work") shall be prepared within the scope of your and Producer's employment by us and shall be a "work made for hire" for us as specially commissioned for use as a part of a motion picture in accordance with the U.S. Copyright Act. You and Producers shall execute the Certificate of Results and Proceeds attached hereto as Exhibits "A" and "B" simultaneously with the execution of this Agreement.

8. Insurance and Indemnity. We shall add you and Producers as additional insureds on our Errors and Omissions Insurance and general liability insurance policies with respect to the Picture, subject to the limitations, restrictions and terms of said policies.

9. Premieres. Each of Producers (and a non-business related companion each) shall be invited to attend each United States "celebrity" premiere, if any, of the Picture, any previews or any screenings of the Picture as well as any "A" list film festivals (i.e., Toronto, Sundance, Berlin, Cannes and Venice) in which the Picture is screened in competition, on a most favored nations basis as between each of Producers and (excluding Robert Rodriguez and Elizabeth Avellan) our designated producers and any other individual producer rendering services on the Picture. We shall use reasonable efforts to cause the domestic distributor of the Picture to provide Producers' and their non-business related companions with reasonable transportation, accommodations and expenses for Producers only in connection with such premiere and any

applicable film festivals on a most favored nations basis as between each of Producers and (excluding Robert Rodriguez and Elizabeth Avellan) our designated producers and any other individual producer rendering services on the Picture; it being understood that no failure by the domestic distributor to provide such transportation, accommodations and per diems shall be a breach of this Agreement.

10. DVD. Each of Producers shall be provided with a DVD copy (plus Blu-Ray if available) and a one-sheet of the Picture at no charge to you or Producers, if and when such DVD copies and one-sheets become commercially available, for you and Producers' own personal, non-commercial use.

11. Warranties and Indemnities.

(a) You and Producers represent that the results and proceeds of your services: (A) are and will be original with you, as applicable, will not be copied in whole or in part from any other work (except such materials as may have been furnished to you by us or that which is in the public domain); (B) that the use of the results and proceeds of your and Producers services by us, or our successors, licensees and assigns in connection with the Picture or in any other way will not infringe upon or violate any copyright; and (C) to the best of your and Producers' knowledge, shall not constitute defamation of, or infringe upon or violate the right of privacy of any common law rights or trademark rights or other rights of any party. In addition, you and Producers represent that neither you nor Producers have made any promises or any commitments to any third party relating to the Picture or the material upon which it is based.

(b) You and Producers shall indemnify and hold harmless us, our parents, subsidiaries, successors, licensees and assigns and any of their respective agents, employees or representatives against any and all liability, damages, costs and expenses, including, without limitation, reasonable outside attorneys' fees and costs, in connection with any third party claim or action arising out of the breach of any of your representations, warranties, agreements, undertakings or certifications herein. Solely with respect to non-copyright related and non-trademark related claims, the representation stated in this Paragraph 11(b) is made to the best of your and Producers knowledge, including that which you and Producers should have known in the exercise of reasonable prudence.

(c) We shall indemnify and hold you and Producers harmless against any and all liability, damages, costs and expenses, including, without limitation, reasonable outside attorneys' fees and costs incurred by you and Producers and your and Producers' respective parents, subsidiaries, successors, licensees and assigns and any of their respective agents, employees or representatives as a result of any third party claim or action (other than those arising out of (i) a breach of your and Producers representations, warranties, agreements, undertakings or certifications hereunder, and/or (ii) any criminal act, gross negligence, or willful or reckless misconduct of you and/or Producers; and/or (iii) any breach of any contract by you and/or Producers) arising from our breach of any representation, warranty, undertaking, agreement or certification by us hereunder or our development, production, distribution or exploitation of the Picture (including the exploitation of ancillary rights therein).

12. Miscellaneous.

(a) Publicity. Neither you nor Producers shall participate directly or indirectly in the dissemination of information concerning us (or any of our officers or employees) or the Picture to individuals or media entities without our prior written consent, other than customary, incidental non-derogatory personal references relating to your employment hereunder, provided that, you and Producers may issue personal publicity relating to you and Producers that incidentally makes non-derogatory reference to us and the Picture and your and Producers engagement in connection therewith. We will exercise reasonable good faith efforts to ensure that: (i) your name and Producers' names are included in the initial press announcements relating to the Picture and in subsequent press announcements issued directly by us or our publicists; and (ii) your name and company biography and Producers' names and individual biographies, as provided to us by you and Producers, are included in both the international and domestic press kits created and issued relating to the Picture; it being understood that no failure by us to comply with the provisions of this Paragraph 12(a) shall be a breach of this Agreement.

(b) Remedies. You and Producers acknowledge that in the event of any breach hereunder, you and Producers will be limited to a remedy at law for damages, if any, and neither you nor Producers shall have the right and hereby expressly waive any right you may have to terminate or rescind this

Agreement or to restrain, enjoin or otherwise impair the production, distribution, advertising, publicizing or exploitation of the Picture or any rights therein.

(c) Remedies Cumulative. Except as may be expressly provided to the contrary herein. The parties' various rights and remedies hereunder shall be cumulative and the exercise or enforcement of any one or more of them shall not preclude the enforcing party from exercising or enforcing any of the others or any other right or remedy provided for by law.

(d) Binding Effect. This agreement and all rights and obligations hereunder, shall be binding on and inure to the benefit of the parties hereto and their respective heirs, successors, licensees and assigns.

(e) Counterparts. This agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this agreement via facsimile transmission shall be effective as delivery of manually executed counterpart of this agreement.

(f) Assignment. You and Producers agree that our rights with respect to the Work and/or your services may be freely assigned and licensed and in the event of such assignment or license, this Agreement shall remain binding upon you and inure to the benefit of any such assignee or licensee. In the event of any assignment to any company(ies) related or subsidiary to or affiliated with a "major" or "mini-major" motion picture company or television network (as such terms are commonly understood in the entertainment industry), and provided such company assumes in writing our executory obligations with respect to the rights assigned, such assignment shall constitute a novation and we shall have no further obligations or liabilities hereunder. In the event of any other assignment by us, we shall remain secondarily liable to you hereunder.

(g) Notices. Notices hereunder shall be in writing. Any notices and payments hereunder shall be given by personal delivery via reputable overnight courier, by pre-paid mailing or facsimile transmission (with a confirmation copy sent by regular mail). Unless otherwise specified herein, (i) the date of personal delivery or facsimile of such notice or payment, (ii) one (1) business day after deposit with an overnight courier of such notice or payment, or (iii) three (3) business days after the deposit by mail, shall be deemed the date of service of such notice or payment. The names and addresses below concerning notice to all parties hereto shall also be deemed to be the place where payments required under this agreement shall be sent:

To us:

Machete's Chop Shop, Inc.
15 Mercer Street, Suite 4
New York, NY 10013
Attn: Aaron Kaufman
Fax: (212) 625-0533

With a courtesy copy to:

Schreck Rose Dapello Adams & Hurwitz LLP
1790 Broadway - 20th Floor
New York, New York 10019
Attn: Andrew P. Hurwitz, Esq. &
Alan D. Sacks, Esq.
Fax: (212) 832-2969

To you:

224 Entertainment, LLC
C/o ICM
10250 Constellation Blvd.
Los Angeles, CA 90067
Attn: Jack Gilardi, Sr.
Fax: (310) 248-4613

With a courtesy (facsimile only) copy to:

1025 Riverland Woods Place, Ste. 521
Charleston, SC 29412
Attn: Darby Parker

Fax: (323) 446-7666

(h) Subsequent Productions. In the event that we (or our licensee, designee, assignee, affiliate (including, without limitation, Weekend (defined below) or Overnight (defined below) or successor-in-interest with respect to the Picture) acquire any derivative and/or subsequent production rights based on the Picture and initiate any such derivative and/or subsequent production (and provided that (i) neither you, Gilardi nor Parker are in material breach or uncured default hereunder or (ii) Gilardi and Parker are not then executives of so-called "major," mini-major" or "major independent" motion picture production and/or distribution and/or exhibition companies), you, Gilardi and Parker shall have the right of first negotiation, for a period of 30 business days from the date of your receipt of notice by us, to be engaged as executive producers on the first of any and all such derivative and/or subsequent productions, in any and all media (provided that if such derivative and/or subsequent production is intended for a network television series, your, Gilardi's and Parker's engagements would be subject to network approval), which rights shall be on a rolling basis, and, if such derivative and/or subsequent production has a budget anticipated to be equal to or greater than the budget of the Picture, on all financial terms and conditions which are no less favorable than those set forth in this Agreement, but in any case the fixed compensation, contingent compensation and contingent deferment, respectively, payable to you for such derivative and/or subsequent production shall be equal to no less than the relative proportional amount as your fixed compensation, contingent compensation and contingent deferment, if any, on the Picture bears to the fixed compensation, contingent compensation and contingent deferment, if any, respectively, paid to, in the aggregate, Overnight Productions, LLC ("Overnight"), Weekend, LLC ("Weekend"), Aaron Kaufman ("Kaufman"), and Rick Schwartz ("Schwartz," collectively, the "Owner Parties") (and/or Kaufman's, Schwartz's, Weekend's and Overnight's respective loan out company or companies, trusts, respective parents, affiliates, subsidiaries or successors), for services rendered in connection with the Picture. In addition, your fixed compensation will be paid on a no less favorable schedule than set forth herein, and your contingent compensation and contingent deferment will be defined, calculated and paid on the same basis as the Owner Parties' contingent compensation and contingent deferment, respectively.

(i) Further Instruments/Choice of Law. The parties hereto agree to expeditiously execute, acknowledge and deliver to each other any and all additional documents or instruments that any party requests to fully effectuate and carry out the intent and purposes of this agreement. This agreement is entered into in the State of New York, shall be governed by the laws of such state, and any disputes arising hereunder shall be adjudicated in the courts of such state. If any legal action, arbitration or other proceeding is brought for the enforcement of this agreement, or because of any dispute, alleged breach, default or misrepresentation in connection with this agreement, the successful or prevailing party shall be entitled to recover reasonable outside attorneys' fees and other costs that it incurred in that action, arbitration or other proceeding, in addition to any other relief to which it may be entitled.

By signing in the spaces below, you and we accept and agree to all of the terms and conditions of this Agreement.

Sincerely,

MACHETE'S CHOP SHOP, INC.

By: _____
An Authorized Signatory

Accepted and Agreed

224 ENTERTAINMENT, LLC

By: 
An Authorized Signatory

I, Jack Gilardi, Jr. have read and am familiar with all the terms of the foregoing agreement between Machete's Chop Shop, Inc. ("Company") and 224 Entertainment, LLC ("Lender") and, in order to induce Company to enter into said agreement, I consent to the execution thereof, ratify and confirm in my individual capacity all representations, warranties and agreements of Lender contained herein, agree to be bound by the terms and conditions thereof and agree that I shall render all services and grant all rights as are necessary to enable Lender to comply with its obligations under said agreement. I agree to look solely to Lender for full payment of any amounts due for all rights granted and services performed thereunder. In the event of any breach or default by Lender, I agree that without prior notice to me or Lender, Company may proceed against me as if I were a party thereto and I shall be primarily, jointly and severally liable with Lender thereunder. For purposes of any and all Worker's Compensation statutes, laws, or regulations ("Worker's Compensation"), I acknowledge that an employment relationship exists between Company and myself, Company being my special employer under the agreement. Accordingly, I acknowledge that in the event of my injury, illness, disability, or death falling within the purview of Worker's Compensation, my rights and remedies (and those of my heirs, executors, administrators, successors, and assigns) against Company or Company's affiliated companies and their respective officers, agents, and employees (including, without limitation, any other special employee and any corporation or other entity furnishing to Company or an affiliate company the services of any other special employee) shall be governed by and limited to those provided and/or permitted by Worker's Compensation.

Name: JACK GILARDI, JR.

Signature: 

I, Darby Parker have read and am familiar with all the terms of the foregoing agreement between Machete's Chop Shop, Inc. ("Company") and 224 Entertainment, LLC ("Lender") and, in order to induce Company to enter into said agreement, I consent to the execution thereof, ratify and confirm in my individual capacity all representations, warranties and agreements of Lender contained herein, agree to be bound by the terms and conditions thereof and agree that I shall render all services and grant all rights as are necessary to enable Lender to comply with its obligations under said agreement. I agree to look solely to Lender for full payment of any amounts due for all rights granted and services performed thereunder. In the event of any breach or default by Lender, I agree that without prior notice to me or Lender, Company may proceed against me as if I were a party thereto and I shall be primarily, jointly and severally liable with Lender thereunder. For purposes of any and all Worker's Compensation statutes, laws, or regulations ("Worker's Compensation"), I acknowledge that an employment relationship exists between Company and myself, Company being my special employer under the agreement. Accordingly, I acknowledge that in the event of my injury, illness, disability, or death falling within the purview of Worker's Compensation, my rights and remedies (and those of my heirs, executors, administrators, successors, and assigns) against Company or Company's affiliated companies and their respective officers, agents, and employees (including, without limitation, any other special employee and any corporation or other entity furnishing to Company or an affiliate company the services of any other special employee) shall be governed by and limited to those provided and/or permitted by Worker's Compensation.

Name: DARBY PARKER

Signature: 

Exhibit A

CERTIFICATE OF OWNERSHIP OF RESULTS AND PROCEEDS
(the "Certificate")

PICTURE: "Machete" (the "Picture")

LENDER: 224 Entertainment, LLC ("Lender")

PRODUCER: Jack Gilardi, Jr.

The undersigned ("Producer") hereby agrees and certifies that in connection with the agreement between Lender and Machete's Chop Shop, Inc. ("Company") dated as of July 28, 2009 (the "Agreement"):

- (i) For good and valuable consideration, the receipt of which is hereby acknowledged, all results and proceeds of the services of Lender and Producer in connection with the Picture (hereinafter, the "Work") constitute, within the meaning of the copyright laws of the United States, a "work made for hire" for Company prepared within the scope of Lender and Producer's employment and/or as a work specially ordered or commissioned for use as a part of a motion-picture or other audio-visual work and, as between Company, Lender and Producer, Company owns all right, title and interest in and to the Work and the Picture exclusively, in perpetuity, in all media, and throughout the universe for all purposes, including, without limitation, any rights arising under the copyright laws of the United States of America or any other jurisdiction. The payments made by Company or its assignees under the Agreement are deemed to include sufficient remuneration for all so-called rental and lending rights pursuant to any directive, enabling or implementing legislation, laws and regulations enacted by any nation throughout the world, including the member nations of the European Union. Lender and Producer hereby waive all rights of "Droit Moral" or "Moral Rights of Authors" or any similar rights or principles of law which Lender and/or Producer may now or later have in the Work;
- (ii) Without limiting the generality of the foregoing, insofar as the undersigned may possess any right, title and interest in and to the Work, the undersigned hereby irrevocably assigns any and all such right, title and interest to Company. Lender and Producer shall, at the request of Company, execute and deliver to Company such assignments or other instruments, consistent with the terms hereof and under the Agreement, as Company may deem reasonably necessary to establish, protect, enforce and/or defend any or all of Company's rights in the Work or under this Agreement. If Lender and/or Producer shall not so execute and deliver any such instrument after reasonable notice, Company shall have the right to do so in the undersigned's name, place and stead, and Company is hereby irrevocably appointed Lender and Producer's attorney-in-fact for such purposes, which power is coupled with an interest. If Company signs any documents as Lender and Producer's attorney-in-fact, Company will promptly provide Lender with copies of any such documents; it being understood that no failure by Company to do so shall be a breach of this Certificate or the Agreement;
- (iii) Company shall have the right, throughout the universe, in perpetuity, and in part and in all media, to use and reproduce, and to license others to use and reproduce Producer's name, approved likeness and approved biography in connection with the production, exhibition, advertising, promotion, and/or other exploitation of the Picture, and/or the services of any distributor of the Picture, and/or subsidiary and ancillary rights of any nature relating thereto and/or Lender and Producer's services hereunder, in any and all media, whether now known or hereafter devised, (including, without limitation, in connection with interviews, features, promotional films, and so-called "behind the scenes" programming) and provided that neither Lender nor Producer will be represented as directly or indirectly endorsing any product other than the Picture. Company shall not authorize use of direct endorsements by Producer of any product (other than the Picture) without Producer's prior written consent (not to be unreasonably withheld). The use of any materials from the Picture in conjunction with the advertising of any services or products shall not be considered an endorsement;
- (iv) Lender and Producer acknowledge that: (i) in the event of any breach hereunder, or any breach of the Agreement, by Company, Lender and Producer will be limited to a remedy at law for

damages, if any, and neither Lender nor Producer will have the right, and each hereby expressly waives any right Lender and/or Producer may have to terminate or rescind this Certificate or the Agreement or to restrain, enjoin or otherwise impair the production, distribution, advertising, publicizing or exploitation of the Picture or any rights therein; (ii) nothing herein shall obligate Company to use Lender and/or Producer's services or the results or proceeds thereof in the Picture or to produce, advertise or distribute the Picture; and (iii) this Certificate shall be governed by the laws of the State of New York applicable to agreements executed and to be performed entirely therein; and

- (v) Lender and Producer agree that Company's rights with respect to the Work and/or Lender and Producer's services may be freely assigned and licensed and in the event of such assignment or license, this Certificate shall remain binding upon Lender and Producer and inure to the benefit of any such assignee or licensee. In the event of any assignment to any company(ies) related or subsidiary to or affiliated with a "major" or "mini-major" motion picture company or U.S. television network (as such terms are commonly understood in the entertainment industry), and provided such company assumes in writing the executory obligations of the Company with respect to the rights assigned, such assignment shall constitute a novation and Company shall have no further obligations or liabilities hereunder. In the event of any other assignment by Company, Company shall remain secondarily liable to Lender and Producer hereunder and under the Agreement.

IN WITNESS WHEREOF, this document was executed as of 08/04/09.

224 Entertainment, LLC ("Lender")

By: 

Its: JACK GILARDI, JR., Member


Jack Gilardi, Jr. ("Producer")

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Exhibit B**CERTIFICATE OF OWNERSHIP OF RESULTS AND PROCEEDS
(the "Certificate")**

PICTURE: "Machete" (the "Picture")

LENDER: 224 Entertainment, LLC ("Lender")

PRODUCER: Darby Parker

The undersigned ("Producer") hereby agrees and certifies that in connection with the agreement between Lender and Machete's Chop Shop, Inc. ("Company") dated as of July 28, 2009 (the "Agreement"):

- (i) For good and valuable consideration, the receipt of which is hereby acknowledged, all results and proceeds of the services of Lender and Producer in connection with the Picture (hereinafter, the "Work") constitute, within the meaning of the copyright laws of the United States, a "work made for hire" for Company prepared within the scope of Lender and Producer's employment and/or as a work specially ordered or commissioned for use as a part of a motion-picture or other audio-visual work and, as between Company, Lender and Producer, Company owns all right, title and interest in and to the Work and the Picture exclusively, in perpetuity, in all media, and throughout the universe for all purposes, including, without limitation, any rights arising under the copyright laws of the United States of America or any other jurisdiction. The payments made by Company or its assignees under the Agreement are deemed to include sufficient remuneration for all so-called rental and lending rights pursuant to any directive, enabling or implementing legislation, laws and regulations enacted by any nation throughout the world, including the member nations of the European Union. Lender and Producer hereby waive all rights of "Droit Moral" or "Moral Rights of Authors" or any similar rights or principles of law which Lender and/or Producer may now or later have in the Work;
- (ii) Without limiting the generality of the foregoing, insofar as the undersigned may possess any right, title and interest in and to the Work, the undersigned hereby irrevocably assigns any and all such right, title and interest to Company. Lender and Producer shall, at the request of Company, execute and deliver to Company such assignments or other instruments, consistent with the terms hereof and under the Agreement, as Company may deem reasonably necessary to establish, protect, enforce and/or defend any or all of Company's rights in the Work or under this Agreement. If Lender and/or Producer shall not so execute and deliver any such instrument after reasonable notice, Company shall have the right to do so in the undersigned's name, place and stead, and Company is hereby irrevocably appointed Lender and Producer's attorney-in-fact for such purposes, which power is coupled with an interest. If Company signs any documents as Lender and Producer's attorney-in-fact, Company will promptly provide Lender with copies of any such documents; it being understood that no failure by Company to do so shall be a breach of this Certificate or the Agreement;
- (iii) Company shall have the right, throughout the universe, in perpetuity, and in part and in all media, to use and reproduce, and to license others to use and reproduce Producer's name, approved likeness and approved biography in connection with the production, exhibition, advertising, promotion, and/or other exploitation of the Picture, and/or the services of any distributor of the Picture, and/or subsidiary and ancillary rights of any nature relating thereto and/or Lender and Producer's services hereunder, in any and all media, whether now known or hereafter devised, (including, without limitation, in connection with interviews, features, promotional films, and so-called "behind the scenes" programming) and provided that neither Lender nor Producer will be represented as directly or indirectly endorsing any product other than the Picture. Company shall not authorize use of direct endorsements by Producer of any product (other than the Picture) without Producer's prior written consent (not to be unreasonably withheld). The use of any materials from the Picture in conjunction with the advertising of any services or products shall not be considered an endorsement;
- (iv) Lender and Producer acknowledge that: (i) in the event of any breach hereunder, or any breach of the Agreement, by Company, Lender and Producer will be limited to a remedy at law for

damages, if any, and neither Lender nor Producer will have the right, and each hereby expressly waives any right Lender and/or Producer may have to terminate or rescind this Certificate or the Agreement or to restrain, enjoin or otherwise impair the production, distribution, advertising, publicizing or exploitation of the Picture or any rights therein; (ii) nothing herein shall obligate Company to use Lender and/or Producer's services or the results or proceeds thereof in the Picture or to produce, advertise or distribute the Picture; and (iii) this Certificate shall be governed by the laws of the State of New York applicable to agreements executed and to be performed entirely therein; and

- (v) Lender and Producer agree that Company's rights with respect to the Work and/or Lender and Producer's services may be freely assigned and licensed and in the event of such assignment or license, this Certificate shall remain binding upon Lender and Producer and inure to the benefit of any such assignee or licensee. In the event of any assignment to any company(ies) related or subsidiary to or affiliated with a "major" or "mini-major" motion picture company or U.S. television network (as such terms are commonly understood in the entertainment industry), and provided such company assumes in writing the executory obligations of the Company with respect to the rights assigned, such assignment shall constitute a novation and Company shall have no further obligations or liabilities hereunder. In the event of any other assignment by Company, Company shall remain secondarily liable to Lender and Producer hereunder and under the Agreement.

IN WITNESS WHEREOF, this document was executed as of 08/04/09.

224 Entertainment, LLC ("Lender")

By: 

Its: DARBY PARKER, Member


Darby Parker ("Producer")

Machete's Chop Shop, Inc.
15 Mercer Street, Suite 4
New York, NY 10013

As of July 28, 2009

224 Entertainment, LLC
9454 Wilshire Blvd.
4th Floor
Beverly Hills, CA 90212
Attn: Darby Parker & Jack Gilardi, Jr.

Re: "Machete"

Dear Gentlemen,

Reference is herein made to that certain agreement (the "EP Agreement") between 224 Entertainment, LLC ("you" or "your") on the one hand, and Machete's Chop Shop, Inc. ("we", "us" or "our"), on the other hand, with respect to the executive producing services of Jack Gilardi, Jr. ("Gilardi") and Darby Parker ("Parker") (individually "Producer" and collectively, "Producers") in connection with the motion picture currently titled "Machete" (the "Picture").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

(a) The Fixed Compensation (as such term is defined in the EP Agreement) set forth in Paragraph 3(a) of the EP Agreement shall be increased by an amount equal to three percent (3%) of one hundred percent (100%) of the aggregate bridge loan financing contracted between us and any of the bridge financiers identified by you or Producers (for example should a bridge financing party identified by you or producers contract with us for a \$500,000 bridge loan then the Fixed Compensation due to you shall increase by the amount of \$15,000 to \$517,025).

(b) This letter agreement and all rights and obligations hereunder, shall be binding on and inure to the benefit of the parties hereto and their respective heirs, successors, licensees and assigns.

(c) This letter agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this letter agreement via facsimile transmission shall be effective as delivery of manually executed counterpart of this letter agreement.

(d) The parties hereto agree to expeditiously execute, acknowledge and deliver to each other any and all additional documents or instruments that any party requests to fully effectuate and carry out the intent and purposes of this letter agreement.

(e) This letter agreement is entered into in the State of New York, shall be governed by the laws of such state, and any disputes arising hereunder shall be adjudicated in the courts of such state. If any legal action, arbitration or other proceeding is brought for the enforcement of this letter agreement, or because of any dispute, alleged breach, default or misrepresentation in connection with this letter agreement, the successful or prevailing party shall be entitled to recover reasonable outside attorneys' fees and other costs that it incurred in that action, arbitration or other proceeding, in addition to any other relief to which it may be entitled.

By signing in the spaces below, you and we accept and agree to all of the terms and conditions of this letter agreement.

Sincerely,

MACHETE'S CHOP SHOP, INC.

By: _____
An Authorized Signatory

Accepted and Agreed

224 ENTERTAINMENT, LLC

By:  _____
An Authorized Signatory

2/11/10

PROOF OF SERVICE

1013A(3) C.C.P. Revised 5/1/88

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 2049 Century Park East, Suite 2400, Los Angeles, California 90067-2906.

On the date listed below, I served the foregoing document described as:

NOTICE OF ERRATA

RE: PLAINTIFF'S COMPLAINT

on the interested parties in this action by placing:

☒ a true and correct copy -OR- ☐ the original document
thereof enclosed in sealed envelopes addressed as follows:

Jackoway, Tyerman, Wertheimer, Austen,
Mandelbaum & Morris
1925 Century Park East, 22nd Floor
Los Angeles, CA 90067

Corporation Service Company
211 E. 7th Street, Suite 620
Austin, TX 78701


Agent for Service of Process of
Defendant Overnight Productions, LLC

Agent for Service of Process for
Defendant Machete's Chop Shop, Inc.

☒ **VIA PERSONAL SERVICE:**

☒ I caused such document to be delivered to the offices of the addressee(s), via hand delivery.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed February 10, 2010 at Los Angeles, California.


H. Hancock

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Dale S. Fischer and the assigned discovery Magistrate Judge is Victor B. Kenton.

The case number on all documents filed with the Court should read as follows:

CV10- 1501 DSF (VBKx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

=====

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

☒ **Western Division**
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

☐ **Southern Division**
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

☐ **Eastern Division**
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEETI (a) PLAINTIFFS (Check box if you are representing yourself ☐)

224 ENTERTAINMENT, LLC, a California Limited Liability Company

DEFENDANTS

AARON KAUFMAN, an individual; RICK SCHWARTZ, an individual; MACHETE'S CHOP SHOP, INC., a Texas corporation; OVERNIGHT PRODUCTIONS, LLC, a Delaware limited liability company; and DOES 1 through 10, inclusive

(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)

Martin D. Singer, Esq. (SBN 78166)

Todd S. Eagan, Esq. (SBN 207426)

Lavelly & Singer

2049 Century Park East, Suite 2400, Los Angeles, CA 90067

Telephone No.: (310) 556-3501/Facsimile No. (310) 556-3615

Attorneys (If Known)

Michael L. Novicoff, Esq. (SBN 1201330)

Daniel R. Gutenplan, Esq. (SBN 260412)

Liner Grode Stein Yankelevitz Sunshine Regenstreif & Taylor LLP
1100 Glendon Avenue, 14th Floor, Los Angeles, California 90024

Telephone No.: (310) 500-3500/Facsimile No.: (310) 500-3501

II. BASIS OF JURISDICTION (Place an X in one box only.)

☐ 1 U.S. Government Plaintiff ☐ 3 Federal Question (U.S. Government Not a Party)☐ 2 U.S. Government Defendant ☒ 4 Diversity (Indicate Citizenship of Parties in Item III)III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only
(Place an X in one box for plaintiff and one for defendant.)

	PTF	DEF		PTF	DEF
Citizen of This State	<input checked="" type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input checked="" type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. ORIGIN (Place an X in one box only.)

☐ 1 Original Proceeding ☒ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from another district (specify): ☐ 6 Multi-District Litigation ☐ 7 Appeal to District Judge from Magistrate Judge
V. REQUESTED IN COMPLAINT: JURY DEMAND: ☒ Yes ☐ No (Check 'Yes' only if demanded in complaint.)CLASS ACTION under F.R.C.P. 23: ☐ Yes ☒ No☒ MONEY DEMANDED IN COMPLAINT: In excess of \$ 1,000,000.00

VI. CAUSE OF ACTION (Cite the U. S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)

28 U.S.C. § 1332

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER STATUTES	CONTRACT	TORTS PERSONAL INJURY	TORTS PERSONAL PROPERTY	PRISONER PETITIONS	LABOR
<input type="checkbox"/> 400 State Reapportionment	<input type="checkbox"/> 110 Insurance	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus	<input type="checkbox"/> 710 Fair Labor Standards Act
<input type="checkbox"/> 410 Antitrust	<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 371 Truth in Lending	<input type="checkbox"/> 530 General	<input type="checkbox"/> 720 Labor/Mgmt. Relations
<input type="checkbox"/> 430 Banks and Banking	<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 535 Death Penalty	<input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act
<input type="checkbox"/> 450 Commerce/ICC Rates/etc.	<input type="checkbox"/> 140 Negotiable Instrument	<input type="checkbox"/> 330 Fed. Employers' Liability	<input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 540 Mandamus/Other	<input type="checkbox"/> 740 Railway Labor Act
<input type="checkbox"/> 460 Deportation	<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 340 Marine	BANKRUPTCY	<input type="checkbox"/> 550 Civil Rights	<input type="checkbox"/> 790 Other Labor Litigation
<input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations	<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 22 Appeal 28 USC 158	<input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 791 Empl. Ret. Inc. Security Act
<input type="checkbox"/> 480 Consumer Credit	<input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans)	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 423 Withdrawal 28 USC 157	FORFEITURE / PENALTY	PROPERTY RIGHTS
<input type="checkbox"/> 490 Cable/Sat TV	<input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits	<input type="checkbox"/> 355 Motor Vehicle Product Liability	CIVIL RIGHTS	<input type="checkbox"/> 610 Agriculture	<input type="checkbox"/> 820 Copyrights
<input type="checkbox"/> 810 Selective Service	<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 441 Voting	<input type="checkbox"/> 620 Other Food & Drug	<input type="checkbox"/> 830 Patent
<input type="checkbox"/> 850 Securities/Commodities/Exchange	<input type="checkbox"/> 190 Other Contract	<input type="checkbox"/> 362 Personal Injury-Med Malpractice	<input type="checkbox"/> 442 Employment	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	<input type="checkbox"/> 840 Trademark
<input type="checkbox"/> 875 Customer Challenge 12 USC 3410	<input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> 365 Personal Injury-Product Liability	<input type="checkbox"/> 443 Housing/Accommodations	<input type="checkbox"/> 630 Liquor Laws	SOCIAL SECURITY
<input type="checkbox"/> 890 Other Statutory Actions	<input type="checkbox"/> 196 Franchise	<input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 444 Welfare	<input type="checkbox"/> 640 R.R. & Truck	<input type="checkbox"/> 61 HIA(1395ff)
<input type="checkbox"/> 891 Agricultural Act	REAL PROPERTY	<input type="checkbox"/> 366 Other Personal Injury-Product Liability	<input type="checkbox"/> 445 American with Disabilities - Employment	<input type="checkbox"/> 650 Airline Regs	<input type="checkbox"/> 862 Black Lung (923)
<input type="checkbox"/> 892 Economic Stabilization Act	<input type="checkbox"/> 210 Land Condemnation	IMMIGRATION	<input type="checkbox"/> 446 American with Disabilities - Other	<input type="checkbox"/> 660 Occupational Safety /Health	<input type="checkbox"/> 863 DIWC/DIWW 405(g)
<input type="checkbox"/> 893 Environmental Matters	<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 462 Naturalization Application	<input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 690 Other	<input type="checkbox"/> 864 SSID Title XVI
<input type="checkbox"/> 894 Energy Allocation Act	<input type="checkbox"/> 230 Rent Lease & Ejectment	<input type="checkbox"/> 463 Habeas Corpus - Alien Detainee			<input type="checkbox"/> 865 RSI (405(g))
<input type="checkbox"/> 895 Freedom of Info. Act	<input type="checkbox"/> 240 Torts to Land	<input type="checkbox"/> 465 Other Immigration Actions			FEDERAL TAX SUITS
<input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice	<input type="checkbox"/> 245 Tort Product Liability				<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)
<input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 290 All Other Real Property				<input type="checkbox"/> 871 IRS-Third Party 26 USC 7609

FOR OFFICE USE ONLY: Case Number: **CV10-01501**

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEETVIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? ☒ No ☐ Yes

If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? ☒ No ☐ Yes

If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) ☐ A. Arise from the same or closely related transactions, happenings, or events; or
☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or
☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or
☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

- (a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.
☐ Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles, California	

- (b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.
☐ Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	New York, New Jersey, Texas, Delaware

- (c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	New York

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER): _____ Date March 1, 2010

Daniel R. Gutenplan

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3 -1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))